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EVALUATION OF ECONOMIC DEVELOPMENT
ADMINISTRATION PLANNING GRANTS



U.S. DEPARTMENT OF COMMERCE
Economic Development Administration

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FIELD REPORTS AND FINAL REPORT
EVALUATION OF ECONOMIC DEVELOPMENT
ADMINISTRATION PLANNING GRANTS

Prepared for the Economic Development Administration


By
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May 1970

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FIELD REPORTS

The following field reports reveal findings and situations in the different Economic Development Districts, Redevelopment Areas and Indian Reservations visited. In several instances some information has been deleted because it would serve no useful purpose and would likely be dysfunctional if circulated within the staff or district in question.

These reports do not follow a rigid format. While this makes it somewhat more difficult to compare specific features, it also allows issues to be explored in different settings. Further, attempting to analyze a specific issue between two districts is invalid unless the total district situation is taken into account. An additional difficulty the reader will encounter will be related to the fact that there are no clear and separate categories into which issues fall. That is, various issues of interest are interrelated which inhibits sharp boundaries on the issues under discussion. We do not feel that this restricts our findings since format is peripheral to the real interest.

That real interest is, of course, related to such questions as whether the planning grants have had a valuable impact upon economic development and how the planning grants program might be improved. Those questions are addressed in our overall final report, rather than in reports dealing with single districts or areas. Considering these questions exclusively in the context of the final report has permitted discussion of the issues in the context of the total of the experiences in the 26 districts and areas that were the subject of the field studies.

CENTRAL ARKANSAS ECONOMIC DEVELOPMENT DISTRICT
NORTHWEST ARKANSAS ECONOMIC DEVELOPMENT DISTRICT
SOUTHEASTERN ARKANSAS ECONOMIC DEVELOPMENT DISTRICT

Background

Arkansas is unique among the states in the extent of EDA activities throughout the state, the general underdevelopment of the state's economy and the extent to which the state has taken leadership in economic development programming and in direct industrial development activities. Most of the state lies within the boundaries of the Ozarks Regional Commission. The Ozark area is generally characterized by a population in which "hill country" small farmer stock predominates. This population is generally widely scattered through small towns in the valleys of the Ozark Mountains. The age distribution of the population reflects outmigration of many younger persons and thus a concentration of older persons living on various government programs, past savings, and small farming operations, such as cattle grazing, that would be insufficient by themselves to maintain a family.

This Ozark pattern, which is adequately described in considerable detail in such sources as OEDP's and Ozark Regional Commission materials, fails to characterize the Little Rock area today. Little Rock has become a thriving metropolitan area. It is the largest city in the state, has relatively high (and rising) incomes and reflects many of the standard problems of medium sized American metropolitan areas. This Ozark pattern also fails to characterize the Delta counties in Eastern Arkansas that border the Mississippi River. These counties are dependent upon a cotton economy that has broadened over the years to encompass rice and soybeans in addition to cotton. These Delta counties have a large black population which has always been impoverished.

Since World War II, Arkansas has been the site of considerable industrial development. This development has, it is fair to say, been enticed largely by a combination of labor supply factors and state and local action rather than through any natural economic advantages such as a raw materials base or proximity to markets. The key labor supply variable has been the availability of a large pool of unemployed or underemployed labor willing to work for low wages in an industrial climate that has discouraged unionization. Because substantial segments of this labor force, particularly the Ozark Mountain residents, have retained a devotion to hard work and appreciation of the opportunity to work, many employers have found Arkansas a good place to locate. To a significant degree the economic development of Arkansas has been predicated upon a large number of smaller firms and smaller operations of larger firms in such activities as furniture manufacture, garment trades, and the like.

The state has used just about every tool available to encourage economic development, including an aggressive state industrial development group (the Arkansas Industrial Development Commission), special revenue

bond arrangements, local industrial development corporations and in many cases aggressive actions by local governments and Chambers of Commerce to encourage industrial development. The state is also experiencing a substantial increase in the recreational market, including both transitory recreation on the many Corps of Engineer water projects and the use of the Northwest portion of the state as a retirement area for persons from throughout the United States.

This report focuses upon three economic development districts in Arkansas. The first is the Southeastern Economic Development District which covers Delta country that is economically similar to the North Central Mississippi and North Delta Louisiana Districts covered by separate field reports. The major growth center of the District (and the District Headquarters) is Pine Bluff, an Arkansas River community that is a transportation center, a center of some light manufacturing, and the service center for the surrounding areas. The Western Delta counties reflect the greatest population of the District, but some of the Eastern counties of the District have a different economy, based primarily upon forest products, particularly paper production.

The Central Economic Development District consists of the Little Rock Standard Metropolitan Statistical Area and counties between that area and the Mississippi River. These Delta-type counties are centers of such agricultural based activities as rice and soybean production and have experienced very little industrial development.

The Northwest Arkansas Economic Development District is composed of Ozark Mountain counties in the Northwestern portions of the state. It consists of two separately identifiable areas and was, in original state planning in Arkansas, divided into those two separate areas. The first area is in the extreme Northwest where the Arkansas River development, expanding recreation, increasing light industry and the influence of the University of Arkansas have caused substantial economic development and considerably higher incomes than in areas further East. The Eastern counties of the District are truly Ozark Mountain communities, where one of the major economic activities is Dogpatch USA, a family recreational area capitalizing upon Al Capp's famous cartoons of mountain life. The growth center for these counties is Harrison, Arkansas (the headquarters of the District) a community of about 7,000 people that has been enjoying considerable economic development primarily through relatively light labor-intensive industry.

District Formation

The notion of Economic Development Districts coincided with an emphasis upon regionalization that was taking place within the state government. The state's existing district designations had to be altered to fit the EDA criteria for districts and at the same time manage to get all Arkansas counties into a district. Despite problems resulting from this redirection, the district program has enjoyed the support of the State of Arkansas. Perhaps the best evidence of this support is the existence of

legislation that, in substance, provides state money to each district (with a ceiling of \$30,000 per district) equal to what the district can raise from local sources. The State used the districts for a time as state law enforcement planning agencies and is still using the districts for comprehensive health planning and, in some cases, HUD nonmetropolitan planning functions. The state's leadership and the fact that all Arkansas counties are located within districts has probably facilitated the coordination of HUD and district activities.

The districts in Arkansas were organized with a combination of some local leadership, state leadership, and the work of professional EDA personnel who were involved quite closely at the inception of the district program, including consulting on such matters as the selection of executive directors for the districts. The organization of the Southwest District seems to have proceeded without major problems, by comparison to districts elsewhere, reflecting both the skill of the local executive director, who was involved even before his formal selection, and the obvious economic advantages to the potential growth center of cooperating in the district program. The organizational problem was more significant for the Northwestern District because of competition among the Western (Fayetteville) and Eastern (Harrison) areas for the designation of their area as district headquarters and over the potential staffing of the district.

While other Arkansas districts have been operating for several years, the Central District is completing its first planning grant year. Several unsuccessful attempts were made to organize the District, but ran afoul of the distrust of the dominant center (Little Rock) by the rural counties that were being asked to participate. One county (Saline) still does not participate in the district. Ultimately the formation of the District was facilitated by a political arrangement that gives effective control of the District to the rural counties by several fortunate, but chance, circumstances.*

District Staffing

With the possible exception of the Central District because of its location in the Little Rock labor market, staffing of the districts has been

* Of the six counties in the Central District, two were redevelopment areas and thus motivated to participate by the bonus provisions of the Public Works and Economic Development Act. Two counties (Pulaski-Little Rock and Foukner-Conway) had potential growth centers and Paulkner's major city mayor was a cousin of one individual to be placed on the District staff. Prairie County participation was facilitated by a perceived personal obligation running from a major county leader to the potential executive director of the District.

facilitated in Arkansas by the fact that the district jobs are some of the most economically attractive employment opportunities in their areas. District Director salaries in excess of \$15,000, while not high in relation to Washington, D.C., or major city salaries, represent a major drawing card in Arkansas, sufficient to outweigh some of the negative factors (e.g., insecurity and lack of a retirement program) associated with working for a district. The districts have been able to compete successfully with the state industrial development operation, local Chambers of Commerce, and even private employment, and thus have had a good selection of local persons available. For a variety of reasons, most of the District Directors and staff have been recruited in local, rather than national, labor markets.

The Southeastern District recruited its Director by taking one of the key industrial development and political leaders in Pine Bluff and paying him to do full-time, and for pay, what he had previously been doing part-time along with various enterprises such as real estate and a nursery. The Director, Paul Bates, is well-known in his district (he is a former state legislator) and at ease in working with the leadership of his communities and his state, including the Arkansas Congressional delegation. Mr. Bates was careful to recruit a balanced staff which has been with the District since the beginning. His Assistant Director came from the state industrial development organization and still works closely with it. The two other staff members (excluding those involved in health planning functions) are an economic planner with a recent degree from the University of Arkansas and another planner with Job Corps experience who graduated from a local Negro college.

The Northwest District chose as its Executive Director a (nearly) lifelong resident of Harrison, Arkansas, who became head of urban renewal in Harrison after his retail business activities were wiped out by a major flood. The Executive Director is extremely familiar with his district and its leadership, particularly in the Eastern counties of the district and, as a result of his urban renewal experience, has a good working knowledge of the labyrinthine federal programs available to the district. The district has experienced somewhat more turnover in other staff positions for a variety of reasons so that the Director bears a much greater part of the workload than in the Southeast. The health planning staff in the District is closely integrated with the economic development staff so that the health planner is knowledgeable on economic development functions and the Director of the district seems to follow the health planning activities quite closely.

In both Southeast and Northwest Arkansas, the Economic Development District staff members have a social standing and competence that compares favorably with the community and economic leaders with whom they deal. Because the educational levels and general competence of government officials in these areas is not very great the district staff personnel could, no doubt, exercise considerable leadership in their districts by the sheer force of their personalities and backgrounds.

A much different situation exists in the Central District, where there is a substantial community leadership in the growth center--organized as "Fifty for the Future"--complete with a professional staff. In addition,

the major municipalities, particularly Little Rock and North Little Rock, have fairly large staffs skilled and experienced in dealing with the Federal Government and in manipulating Federal programs. In the Little Rock SMSA a metropolitan planning activity has been in existence for some time and appears to be well staffed. The Executive Director of the Central District was an educator from outside of the Little Rock area who did not have the advantage of enhancing the District's reputation by his own personal reputation in the way that the Directors in Northwest and Southeast could do.

The Executive Director of the Central District assumed his position after the death of the originally appointed Executive Director. The former Assistant Director of the District, who had experience in the Arkansas Planning Commission, left after a brief period to assume a position with a local bank. The District has thus spent a great deal of time in selecting and replacing personnel, a process finally completed in March of 1970 with the acquisition of a planner (funded by the HUD nonmetropolitan planning program), a human resource specialist and an Assistant Director. None of the staff members being funded with EDA's planning grant bring to the District any familiarity with federal programs, nor working industrial development experience, nor (with the exception of the Director) major civil leadership experience in the community.

In reviewing proposed district staffing patterns, EDA has sought to encourage the employment of persons with college degrees and has, sometimes with reluctance, accepted relevant experience as a substitute for such a degree. Two of the Executive Directors (Bates in Southeast and Raney in Northwest) and one key staff member (Adams in Southeast) do not have college degrees. The success of these individuals (see below) confirms the wisdom of not adhering to a college degree requirement in many circumstances. In many of the economically less developed areas of the South in the 1930's when both men were making their college-no college decisions, it was financially impossible for all but the richest to obtain a college education. Perhaps more important, getting that much education was not on the success pattern for local leadership at that time in those areas. For these reasons, failure to waive the college degree requirements would have made it much more difficult for these districts to have obtained competent leadership.

Nonprofessional Leadership

In all the Arkansas districts, the district boards and communities have been established to reflect the local leadership structures rather than in an attempt to modify or circumvent those structures or their policies. For reasons to be explored in detail in Battelle's final report, this approach by the districts is inherent in the economic and political setting in which the district leadership finds itself in all Southern communities.

The Northwest Arkansas Board consists of the County Judge (highest county elected official) from each member county, a mayor from each county elected by the mayors of that county and an additional member from each county picked by the county judges. The Executive Committee of the Board

is chaired by a retired Texaco executive who is quite active in the affairs of the District and has as members three county judges, a banker, and a mayor. The Committee meets monthly while the Board meets each quarter.

The Central District has four board members from each of its five member counties consisting of the county judge, a city mayor selected by the mayors of the county and two representatives--one expected to represent minorities--appointed (in substance) by the county judge from each of the counties. The District's chairman is the mayor of Conway, Arkansas.

The Southwestern District also follows the pattern of the county judge from each county, plus a mayor selected by the mayors in each county, plus two other representatives from the county. The directors include strong representation of the actual political leadership in the district as well as its economic leadership (frequently indistinguishable from the political leadership). Representation of the areas' substantial (roughly 40 percent) Negro population is through established minority group leaders (e.g., the president of the local Negro college) who have generally pursued a course of working for social progress through the existing leadership structures of the counties constituting the district.

All of the districts have developed various committee structures to comply with the guidance provided by EDA. These include functional committees of various types and county committees. These organizations are, with very limited exceptions (primarily related to dictates of other programs such as health planning and law enforcement planning), "paper" organizations which do not really have a significant role in the districts' decision making processes.*

The Overall Economic Development Plan

One individual interviewed in Arkansas, who was in a position to observe the planning process in districts from the perspective of an informed outsider, called the OEDP's "a rehash of the 1960 census combined with some very general language about projects that might be good for the communities in the district". In general, the preparation of the OEDP was seen as a necessary prerequisite for the triggering of EDA assistance to the growth centers involved. The detailed prescription of the formats and contents of the OEDP and the rather detailed (but largely format oriented) review of

* This situation is by no means unique to Arkansas. The political dynamics of Economic Development Districts are in certain respects inconsistent with EDA's attempts to encourage minority representation and large numbers of committees. This dicotomy will be explored in Battelle's final report.

the OEDP by EDA have encouraged the districts to consider the OEDP as comparable to a long-grant application rather than part of a process to plan district economic development. Some district staff members considered OEDP preparation to have been a useful exercise for staff orientation and education.

There is little indication that the OEDP's have been reviewed in any detail by any of the district's leadership except the professional staff itself. Community decision making processes were involved in the designation of growth centers and in the exact specification of district boundaries. However, the mechanism for this process appears to have been a relatively simple one in all cases. All pressures in the districts lead to the strategy of designating as many and as large a number of growth centers as EDA will permit, so that the ultimate designations of growth centers reflect the line between what the districts want (as much grant eligibility as possible) and what EDA would permit.

The sheer bulk of the OEDP's and the proliferation of tables suggest that the OEDP format is simply not consistent with the normal decision making processes of community leadership in Arkansas. That leadership is of generally low educational levels in the areas served and is likely to make really key decisions in face-to-face oral communications perhaps formalized by very short and simple written communications.

Specific Issues and Political Dynamics

While the superficial organizational aspects of the Arkansas districts (e.g., committee structures, minority representation and the OEDP's) are not exactly what EDA might desire to see, at least two of the three districts studied have done a good job of functioning in probably the only way possible given the circumstances in which their leadership finds itself.

These circumstances are inherent in the district concept. Thus, we would expect to find (and are finding) districts throughout the United States responding to these forces, even where doing so may not be entirely consistent with EDA's conception of what the districts are doing.

County Cooperation and Local Sharing

The conditions for EDA planning grants to pay for the costs of district staffing involve the raising of a local share to match the federal funds involved. This single fact dictates much of the strategy that must be pursued by district leadership in Arkansas as in other states. To organize a district one needs to obtain these local participations and to continue to operate a district the local interest in making such contributions must be sustained. It should not surprise anyone that the Arkansas districts have given priority to the activities necessary for the survival of the District itself and the continued employment of its staff.

The primary motivation for membership in a district is inherent in the Public Works and Economic Development Act which gives a bonus grant to the redevelopment counties that are a part of a district organization. This factor makes it advantageous for a county that is, or is expected to be, designated, to contribute to the district up to the expected value of any bonus grants. The expectation of one good sized grant, say \$700,000, in a county thus suggests that participation in the district at a level of a thousand or two a year can readily be justified to the redevelopment counties so long as the prospects for a grant appear reasonable. This justification, it is worth noting, exists regardless of the effectiveness of the district if the potential grantee is sufficiently staffed to be able to take leadership in the grant application process.

The potential growth centers can only become eligible for EDA assistance if a district organization is developed. For that reason the potential growth centers are readily available sources of support for district organization and normally willing to foot a large share of the bill for the local share of the district's costs. Thus, for example, the organization of business leaders in Little Rock (Fifty for the Future) was willing to put up the entire local share for the Central District, although this offer was not accepted in large part because of fear of urban domination on the part of the leaders of the rural counties that would comprise the district.

One major project obtained for a growth center can make the investment in the administrative costs of the district seem small in relation to returns. As is the case in the redevelopment counties, the investment is worthwhile from the standpoint of the growth center, whether or not the district staff ever does anything besides "signing off" on the growth center's application. Of course, the district is of more value to both redevelopment areas and growth centers to the extent that it can actually assist (or perform) the application process.

The major political problem for district leadership is continuing to hold the support of the counties that do not contain growth centers and are not redevelopment areas. There is no way that the district can obtain EDA assistance for such districts. There are basically three factors at work in Arkansas in encouraging the continuing attention of the nondesignated counties. These are: (1) the potential of the district staff to bring about non-EDA projects for these counties, (2) the potential of the district to aid economic development in the nondesignated counties by "spill-out" of economic development in the redevelopment counties and the growth center, and (3) informal quid pro quo's whereby the support of nondesignated counties is obtained by political leadership pressure on the county leadership by the growth center leadership, the redevelopment county leadership, and, in Arkansas, by state leadership. All of these mechanisms are more work for the district staff than those associated with the bonus provisions and growth center designations. For that reason it is not surprising to find general agreement in Arkansas economic development circles that all counties within organized districts should be eligible for EDA programs.

The Quest for Creditability

One of the most frequently discussed concepts in Arkansas economic development circles is that of "creditability" of Economic Development Districts. Although the concept is rarely given a precise meaning, it is usually used in a context that suggests that the most significant job of the districts is to establish their creditability with local leaders. This creditability seems to translate in terms of "bringing home the bacon" by obtaining federal grants in a variety of fields. Although the various districts vary in their emphasis on creditability and their strategy for bringing it about, it would seem that the creditability problem differs in its nature depending upon the staff capabilities available to the growth center and the redevelopment counties. In Arkansas redevelopment counties creditability is a function of both EDA grant-giving performance and the performance of the district staff, which in probability will have to prepare and prosecute the application. On the other hand, in some growth centers (particularly Little Rock) sufficient competence exists so that the district need only legitimize the application and the districts creditability then depends in part upon the willingness of EDA to approve projects in the growth center. In areas within the district that are not eligible for EDA funds, creditability involves non-EDA programs exclusively.

The ultimate in this approach to creditability is to do a cost benefit analysis of the development district where the local share is considered as the cost and the total of federal grants in any way related to the district is considered as benefits. In fact such calculations are made by some of the Arkansas districts as typified by Appendix C of the final report which shows some of the publicity material used by one of the best led districts in Arkansas.

Project Oriented Activities of the Districts

Economic Development Districts in Arkansas have been active in seeking projects for communities in their districts as well as in seeking additional sources of support for the district organizations themselves. In the later category the districts served for a time as the law enforcement planning units for the state, but that status has now been terminated for reasons that do not appear to be related to the efficiency of the districts in performing the law enforcement functions.* The Arkansas districts visited are comprehensive health planning agencies and are (or are about to become) recipients of HUD non-metropolitan planning assistance. With the exception of the SMSA's within them, the districts perform the A-95 clearinghouse function.

* The state official controlling the law enforcement money has greater effective control over it if he can avoid the districts with their own strong political foundations and ties to other agencies of state government.

The Southeast District has been extremely active on behalf of the communities in the District in obtaining assistance from both state and federal agencies. Like Northwest, Southeast has been active in working with the State Highway Department to encourage highway development in the District. On the national level the district has been the driving force in applications successfully filed with such diverse agencies as OEO and the Bureau of Outdoor Recreation as well as HUD. In one case (the Port of Pine Bluff), the Executive Director of the District was a major leader in the development of the project, even before he assumed his position as Executive Director. An indication of the broad interests of the districts in projects can be seen in Appendix C of the Summary Report, where data extracted from the Semiannual Report of the District for the period ending October 31, 1969, is shown.

The Northwest Arkansas District has also been extremely active in obtaining projects for the District. In fact, there have been so many EDA projects in the area that the primary constraint upon further EDA projects is the availability of local matching money rather than any limitations inherent in the EDA budget. The district has been quite imaginative in developing projects beyond the traditional industrial park and water and sewer approaches. For example, the District has obtained assistance for hospital improvement and a vocational school.

In Northwest, a careful attempt was made to determine the impact of the District upon projects. In practically all cases it seems reasonable to conclude that the project applications would not have been filed but for the district. Many of the projects are in communities so small and inadequately staffed (e.g., by one city clerk unlikely to have completed high school) that it is difficult to imagine their completing the application process without assistance by either EDA or district officials. In Northwest this assistance, since the District was formed, has come from district officials. In other cases (e.g., the Fayetteville industrial park application) the local officials are clearly competent to prepare an application, but chose to have the district assume leadership. In that case, and others, the Executive Director of the District has in substance recognized a need, developed a project and sold it to local officials and submitted an application in their name.

In the Central District, by contrast, little project activity has taken place or is likely to in the near future. Where projects are being developed, as in the case of the Little Rock water and sewer project, the leadership in the definition of the need for the project and its characteristics does not seem to come from the District. For example, the District was considering a modification of the project being proposed to permit residential service to certain neighborhoods. This modification was, in effect, being processed by the District as an intermediary between the applicant and EDA--more a clerical and routine processing function than

anything else.* By contrast, in Northwest Arkansas, although the engineering work was done by engineering firms in all cases, the District seems to have been intimately involved in detailed project design questions such as how large to make a particular project and where its various facets should be located.

Direct Industrial Development

The three Arkansas districts are involved in quite different ways in the "industrial prospecting" activities of their areas.

The Southeast District staff is extremely active in the direct quest for industry in the District as well as in helping existing industry to survive and expand. Some examples of the activities involved are shown below as reported in the districts "Highlights of SEAEDD Activities, April 30, 1969 through February, 1970":

Electronics Assembly Plant: An effort is being made to help a local engineer establish an assembly and shipping operation for an electric product. Work areas include locating an existing building, establishing a source for financing, and product testing.

Worker Training Program: An unsuccessful effort was made to find a source of State or Federal assistance in training workers for the Hamburg Shirt Company.

Recently the state industrial development agency (Arkansas Industrial Development Commission) changed leaders, from an individual who did not wish to work with the districts in industrial development to an individual more favorably disposed toward the district program. As a result steps are beginning to be taken to utilize the district as, in effect, moves in this direction are an experiment being undertaken in the Southeast District where the district staff members are updating the inventory of industrial site and community facilities information. The results will be used by both the District and the state agency.

A good indication of the leadership role played by the district is a letter received by the president of the district recently from the industrial

* The difference between district leadership in the development of a project and district "processing" of projects emerging from within the district is fairly readily indicated by two factors: the use of first person singular in describing the project by the Executive Director (e.g., I decided to recommend that we put the sewage plant over here) and the director's personal familiarity with capacity-cost trade-offs in the project (e.g., water system capacity and thus main size).

development manager of the natural gas company serving the area.* This letter comments:

...Your Economic Development District is doing a fine job for the people of your area. It is a pleasure to watch these organizations grow and provide to our depressed areas a method of obtaining things so needed in community development and industrial growth.

I want to assure you that if there is any way in which my company or I can help in your planning activities or in assisting you with industry, you only have to call upon us. (Emphasis added.)

The offer of assistance in this letter suggests general recognition of a district function beyond that of merely providing information to members of economic development teams from utilities and Chambers of Commerce.

A partial contrast to the approach in the Southeast District is provided by the Northwest District where the staff has adopted a strategy of industrial development that tends to keep the District in a supporting role to Chambers of Commerce and utilities in direct industrial development attempts. The district staff see their role as extending to development of background information and facilitation of necessary public investments (e.g., industrial parks) to attract industry. The staff is thus carefully defining a role that does not threaten the position of local private industrial development leadership. This arrangement seems to work to the satisfaction of all concerned.

To date, the Central District has not been involved in direct industry hunting activities. Because Little Rock is extremely well staffed for industrial development, it seems unlikely that a direct industrial development role will evolve for the Central District except (conceivably) in a few of the smaller communities. Even this development is unlikely as the staff is inexperienced in industrial development work and does not accord a high priority to such activities.

Technical Services to Local Government

The leadership of all the districts stressed the limited capabilities of leadership in the smaller towns and rural counties of Arkansas. All of the districts' professional staff see a role (beyond that inherent in their past law enforcement and present health planning activities) for themselves in

* Readers unfamiliar with industrial development should understand that the usual economic development team consists of the Chamber of Commerce professional staff, a state industrial development agency, and the local utilities (gas, electric, and sometimes telephone).

providing technical assistance to local governments. The funding used for this purpose consists both of the existing EDA funds and the HUD funds available for nonmetropolitan planning. The reasoning behind these activities does not necessarily relate directly to "jobs and income" but rather to the felt need for improved government and more use of available federal programs simply on the grounds that it is needed--whether industrial development takes place or not.

One district director made the case for these activities in terms of a decision rule of maximizing real income in the community.* He saw the problem of less developed counties as being a gap between those counties and others in terms of real income--the combination of dollar income and the flow of public sector services including schools, roads, and other community amenities. He suggested that even if through industrial development he succeeded in raising dollar income, he would have failed to complete his economic development job--a job extending beyond the dollar incomes that are measured by traditional economic statistics.

The Northwest District is the most active of the three in providing technical assistance to local governments. These activities are primarily concentrated in the areas outside of the Fayetteville-Springdale area as that area has larger municipalities that are better staffed and is served by a Metropolitan Planning Commission. Assistance provided by the District has included consultations on water and sewer rate determinations, the development of workable programs for HUD, the processing of housing projects and the initiation of city planning functions in some of the small municipalities. Part of the District's success (and interest) in these activities undoubtedly stems from the executive director's former employment as a city urban renewal director.

The Southeast is involved in similar activities, though to a lesser degree and with varying program emphasis (e.g., more toward BOR and less toward HUD). The Central District has announced intentions of proceeding with these kinds of activities, although the staff member who seems likely to carry out these activities is being supported by HUD rather than by EDA.

Conclusions

Two of the three Economic Development Districts studied have clearly had a significant and favorable impact upon the districts that they serve. These districts have, through staff work, caused a number of federal grants to have been made that otherwise would not have been made; improved community

* That this highly sophisticated approach was made by a director without formal education in economics fortifies the earlier conclusion that EDA should not insist upon college degrees for executive directors. The director's expression of this argument was, of course, in less technical terms than the paragraph above.

planning and services; and encouraged the location of new industries in their districts. These two Districts (Northwest and Southeast) are competently lead and have a solid base of local support.

A third District (Central) is at a much earlier stage of development. The District recently completed its OEDP and in March, 1970, had for the first time in its history a complete staff. The traditional distrust of Little Rock leadership by some of the leaders of the outlying counties and the existence of competent staff for planning and project development in Little Rock will retard evolution of the District as a major force in the community. The district staff members whose salaries are paid by the EDA planning grant are, without exception, inexperienced in dealing with either federal programs or industrial development. The District will clearly encounter a number of problems in the next several years. It clearly will have considerable difficulty staying in existence unless it can demonstrate its "creditability" by landing several EDA projects. Assuming that such projects develop, the incentives involved in the prospect of additional projects should keep the District intact, but it is unlikely to evolve in the near future into the same community leadership role occupied by the other two Districts studied.

IMPERIAL VALLEY DEVELOPMENT AGENCY

Origin and Staff

The Imperial Valley Development Agency first received an EDA planning grant in July, 1969. Although the Agency has been receiving planning grants funds for only one year, it has a considerably longer history.

The immediate predecessor of the Imperial Valley Development Agency was formed in the early 1960's by the county of Imperial with the apparently grudging participation of the cities. It was reputed to be the "pet" project of a county supervisor and was designed to "promote" Imperial County. Among the promotional devices was a traveling display for trade shows and fairs and a promotional film of the Imperial County Fair.

Dissatisfaction with the administration and operation of the Agency led to the withdrawal of the city of El Centro, an action soon followed by other municipalities in the county. Besides the mismanagement issue, the City Manager of El Centro indicated he would rather have El Centro's share of the budget given to the El Centro Chamber of Commerce which would more directly benefit El Centro proper.

At the time the cities withdrew they were contributing a collective total equal to one-half of the Agency's budget of \$100,000. The county continued to support the Agency at the \$50,000 level but undertook to improve its operation. To that end, Mr. James Van Logan was installed as the director and became in effect a department head in the county. The Agency operation continued to function in part as a county Chamber of Commerce.

The Imperial Valley Development Agency continues to operate as a division of the county government with Mr. Logan being accountable to the County Board of Supervisors. The effect of the EDA planning grant was to provide the services of Mr. Wallace Dickey. Although not an experienced "industrial prospector" or "grantsman", Mr. Dickey had intimate knowledge of the county, having served as an administrative assistant in the county government. Mr. Dickey's formal title is "Industrial Development Coordinator".

Committees

The OEDP committee, the Imperial County Economic Development Commission, is the only operating or paper committee. This committee was established in December, 1966, as an advisory group to the County Board of Supervisors.

The OEDP committee is composed of 31 members including two Indian representatives, two Negro representatives, and 11 Spanish surname representatives. Attendance at the OEDP committee meetings is apparently lax. For example, the vice chairman indicated he has missed the last three or four

meetings. It was also indicated that the Spanish surname representatives in particular had spotty attendance at the OEDP committee meetings.

Within the county there is a separate Economic Opportunity Commission funded by OEO. It is alleged to be rather ineffective and characterized by factionalism. It does, however, have better citizen participation among the Spanish surname minority than the OEDP committee.

Rural Development Corporation of Los Angeles, an OEO affiliate, is also operating in the county, primarily doing planning for the City of Calexico. RDC has received an EDA technical assistance grant, reportedly for \$60,000. The Calexico Director of RDC, Mr. Luis M. Lagaspi, and a former Los Angeles based economic development specialist, Manuel Aragon, arranged for the technical assistance grant. This grant received in late 1969 was apparently the cause of some confusion coming without the knowledge of the Imperial Valley Development Association staff.

Funding

The IVDA has a total budget of \$58,000 of which \$30,000 is the EDA planning grant and \$19,000 the county contribution to the planning grant. The remaining \$9,000 is given to IVDA by the county to carry out non-EDA activities. The budget for the year preceding the planning grant was approximately \$40,000. Since the IVDA was relieved of some functions, apparently related to tourism and recreation, the budget was reduced. For the second-year application the IVDA expects to receive a 50 percent local contribution from the county.

Thumbnail Sketch

Imperial County is characterized by a low desert climate. Without the substantial irrigation water provided by the Colorado river the area would be a wasteland. However, the climate in connection with the irrigation water provides a 365-day growing season. This, along with a lack of natural resources, explains the county's agricultural orientation.

Large areas of the county are not irrigated and are typically desert. In addition, the Chocolate Mountains lie in the eastern part of the county. The Salton Sea lies in the northern part of the county and is rapidly becoming a tourism slum.

Most of the population is concentrated in the south-central area of the county, predominantly in the Cities of El Centro, Calexico, and Brawley. More than 70 percent of the population lives in this section of the county.

Specific Issues

The IVDA is apparently a well-established function in the county government but has not achieved real success in being accepted or embraced by the communities in the county. In part this is attributable to the experience of the early 1960's.

Another debilitating factor is that some members of the OEDP committee believe very little can be done to attract industry. They cite the desert climate, the lack of major trade routes through the district, and the lack of raw materials.

Another obstacle to be overcome is the IVDA's relation to the county government. In the minds of a number of residents the county government reflects the "farm interests", and they therefore assume the IVDA is similarly dominated by the "farm interests". The IVDA can only overcome this credibility gap by successfully obtaining some new industry, actively participating in a successful grant application or in some manner producing some tangible benefit for the communities.

Within the context of the planning grant period, the Agency has not achieved any tangible outputs (note this is a nine-month period). The staff did participate in following up on an industrial park water and sewer grant for the City of Imperial which was recently approved and funded.

Problems

Both the staff, OEDP committee members and other interested parties appear to agree that the county suffers from:

- (1) Lack of industry
- (2) High unemployment
- (3) Seasonal employment
- (4) Inadequate housing
- (5) Low educational attainment of the population.

The lack of industry and seasonality in employment is not surprising inasmuch as Imperial County is an agricultural area. There is little in the way of natural resources, close markets, or hospitable climate. The unemployment and seasonal employment problem are, of course, related to the lack of industry and the mechanization of agriculture.

The inadequate housing is occasioned by two forces: (1) a lack of new low-cost housing and (2) a lack of new residential construction generally, leading to a decline in the available supply of "hand-me-down" housing. Housing is, of course, related to the job problem.

The low educational and skill attainment is due to the migrant farm worker and to current cultural patterns which are permissive toward dropping out of school. In addition, the lack of job opportunities reduces the incentive to complete high school.

Strangely enough, unlike other districts visited, water and sewer facilities were not considered a major problem. Water and sewer facilities were considered important only for establishing industrial parks.

Objectives

The most immediate and apparent objective of the Imperial Valley Development Agency is to promote industrial growth primarily through industrial prospecting. A statement to this effect was made by Mr. Dickey, by Mr. Sorenson (OEDP committee President), and by numerous other parties. In general, the actions of IVDA support this objective; during the week of April 6, for example, Mr. Logan was attending a trade show.

The strategy to attract new industry is well founded. The IVDA has assessed the strengths and weaknesses of Imperial County and is trying to capitalize on the former. For example, efforts are being made to obtain a meat packing plant to take advantage of Imperial's position as a major beef-producing area. In general, most of the industrial prospecting is concentrated on agricultural processing and transportation industries. In addition to attending trade shows and following up on industrial prospecting leads by personally visiting the firms, the IVDA produces a monthly newsletter which summarizes the business and economic situation in Imperial County, reports activities of the IVDA staff and access to funds through them, and promotes Imperial County generally. Currently this newsletter has a circulation of some 600, with many of the recipients located outside of Imperial County.

Among the secondary objectives are an interest in promoting tourism, recreation, and a resort image along the lines of Palm Springs. This objective is slighted at the moment but offers much promise since the Salton Sea lies in the county and interest in desert recreation is increasing.

A relatively high priority objective is a regional occupational training center to up-grade the skills of the labor force. The effort to establish this center is in the hands of the County Superintendent of Schools and the Imperial Valley Junior College. Until recently the President of the college was ill-disposed toward taking the college into the "job-training" area because it was not sufficiently academic and because California is moving to make the junior colleges the only entrance route for a state college education.

Constraints

The IVDA operates under a number of handicaps. First, it is not well received in certain quarters. In particular, several Chamber of Commerce managers are ill-disposed toward the IVDA. This is partly due to particularized and narrow local interests and partly because the chamber managers are somewhat jealous of their industrial prospecting prerogatives.

Second, many of the towns and villages in Imperial County have no rational reason for continued existence. This is because of the increase in mechanized farm equipment and the decrease in the need for a nearby source of farm labor. It must be borne in mind that these small villages exist in a desert environment. With a better highway network there is little necessity for the small village stores and facilities which are old and limited in any case. These village people, however, do not wish to see their villages die, yet there is no rationale for promoting these areas when the population centers can more fruitfully be promoted.

Third, this area is still relatively rural, somewhat provincial in attitudes, relatively conservative politically, and divided into a number of distinct groups, the most visible of which are the Spanish surname residents and middle-class Anglos. To a large degree the Spanish surname residents are not in local government; in particular, there are few in the county government.

Mr. Harry Hillock, Coordinator of the Imperial Valley Coordinated Housing Authorities, says there is a definite need for more housing but that he has been offered no help by any other planning body. He also mentions the lack of a favorable community attitude and the control of local government by a small group of "mossbacks".

The Rural Development Corporation is in one sense a competitor of IVDA and in another sense a complement to IVDA. RDC is largely a "Mexican-American" organization whose objectives center around developing a housing complex, Kennedy Gardens, and an adjacent industrial park about one mile north of the center of Calexico.

There appears to be little coordination between IVDA, RDC, and the Imperial Valley Coordinated Housing Authority. Similarly there appears to be little cooperation between the municipalities in the county. Calexico, Brawley, and El Centro seem to be in vigorous competition with one another for industry.

The situation in the county is also affected by the proximity of Mexicali, Mexico, which is just across the boarder from Calexico. Mexicali has a population four to six times larger than Imperial County. Further, firms tend to locate in Mexicali to take advantage of tax laws.

The most difficult problem facing the IVDA appears to be the deep divisions between the various communities and between the Spanish surname

population, particularly of Calexico, and the rest of the population. RDC is a symptom of this problem. Given the situation the unofficial economic development specialist for the area suggests both EDA grants, RDC and IVDA, may be necessary in this area.

Conclusion

The IVDA was started without EDA funds and the planning grant allowed the county to relax its support somewhat and also allowed an industrial development coordinator to be hired. The planning grant also provided the IVDA with some discretionary funds. These funds are among other things providing for a small-scale technical assistance type study of the feasibility of a beef-processing and meat-packing industry in Imperial County.

In summary, the IVDA since receipt of the EDA planning grant has accomplished relatively little in terms of new jobs or new projects. This is due to the relative newness of the planning grant program in Imperial County and to the constraints faced by the IVDA. The success of the IVDA as a "process" oriented vehicle will depend on how well it can overcome the existing community frictions.

LOWER SAVANNAH REGIONAL PLANNING AND DEVELOPMENT DISTRICT

The Lower Savannah Regional Planning and Development District has been in existence since 1967 and has had a staff since 1968. Since it has been in existence it has received \$78,790 from EDA planning grants, \$26,840 from Law Enforcement Assistance, and \$9,000 from HUD nonmetropolitan planning. (See Appendix 1 of this field report for details).

Background

The Lower Savannah Economic Development District was incorporated in June, 1967, consisting of four counties, Allendale (RA), Bamberg (RA), Barnwell (RA), and Aiken. The City of Aiken was designated as a growth center.

In January 1969, the Counties of Calhoun (RA) and Orangeburg were added to the District and the name of the District was changed to the Lower Savannah Regional Planning and Development District. Efforts are being made to have the City of Orangeburg designated as a second growth center.

The Lower Savannah Region is located in the Central to Southwestern part of the State of South Carolina, bounded on the west by the Savannah River and adjacent to the State of Georgia. It contains 3,960 square miles. The growth centers are located at opposite ends of the District. Aiken whose population is about 13,500, is in the northwest of the District approximately twenty miles from Augusta. Orangeburg, population about 14,400, is located in the northeastern part of the Region, 50 miles south of Columbia and 70 miles north of Charleston.

The population of the District is about 225,000 and is about 40 percent Negro. The economy of the District with the exception of the growth centers and North Augusta (a bedroom community for Augusta) is in transition from dependence on agriculture to dependence on manufacturing. The main industry is agriculture, some forestry and scattered manufacturing. Cotton and soybeans are the major crops. The major industry is textile manufacturing which employs more than 9,000. Another large employer is the Savannah River Plant, an Atomic Energy Commission facility located along the Savannah River. The land connected with this establishment is located in Aiken, Barnwell, and Allendale counties. The plant employs about 6,500, most of whom live in Aiken and Barnwell counties.

The area has suffered from extensive out-migration particularly among nonwhites whose jobs in agriculture have disappeared and educated white adults who find better job opportunities and better living conditions outside of the Region.

The counties all have high rates of unemployment and underemployment, large numbers of uneducated adults, low living standards for many

residents and average family incomes far below the national average. Parts of Aiken County have experienced large amounts of growth because Aiken is part of the large and growing economy of the Augusta, Georgia - South Carolina SMSA. The City of Aiken at one time was a well known winter resort area. It is still a major polo capital.

Up to this time there has been virtually no zoning in the Region. Thus there are small shabby, grey shacks next to nice homes. This situation exists in the towns as well as rural areas. The towns outside of the growth centers are quite small with just a few stores. Many people living in the Region do not want to see change. They believe industrialization will bring with it the problems of the northern cities. They are content with the slow, easy pace of rural living.

Racial prejudice is a problem. Many people are afraid to associate with Negroes because they are afraid of what their neighbors would think. Some of those who believe themselves not to be prejudiced do not want their children in the same school with Negro children because they believe their children will be held back.

There is a general mistrust and fear of the Federal government predominately due to school integration. People are afraid that the Federal government wants to do away with all town and county boundaries.

Staff

Besides the Executive Director, the planning staff consists of three other professionals and three secretaries.

The Executive Director is Mr. Joel Gunnells. Prior to this position, Mr. Gunnells worked as Community Development Coordinator with the Northeast Georgia Area Planning and Development Commission in Athens, Georgia. He has also worked as Dealer Developer with a large corporation, director of a bank, and as a County Agricultural Agent. In this latter position he initiated the original Rural Area Development Program in Pilot County. This program resulted in 15 new industries locating in the rural area within five years. He has a B.S. and a M.S. degree in agronomy.

Michael Paige has three duties: Assistant Director, Director of Regional Planning, and Industrial Development Coordinator. As Assistant Director he is involved in a substantial amount of public relations work throughout the area. As Director of Regional Planning he is responsible for organizing effective comprehensive planning programs for the towns and counties in the Region, establishing and maintaining efficient local and county planning commissions and assisting in the preparation of applications for federal assistance. As Industrial Development Coordinator he prepares economic profiles, industrial site reports, and manpower analysis reports.

Prior to coming to the commission he had experience as an Assistant Director and Community Planner for an architectural-engineering-planning firm, as a community planner and architectural designer for a development company, and as an architectural draftsman for an apartment and motel designers company. He expects to receive a bachelor's degree in economics in 1970.

Bill Christensen has been with the Commission since April, 1969. He assists local community planning commissions with basic land use plans and community improvement projects. He also does drafting and engineering drawings and assists in the collection and preparation of economic data. He works with communities in setting up recreation districts, locating parks, drafting park sites, and helping communities apply for BOR funds. He has had experience as a civil engineering draftsman, an architectural draftsman, and as a planning technician.

Thomas Medlock is Project Coordinator for Law Enforcement Planning and Development. He devotes most of his time to assisting local governments in formulating plans, developing action projects, and administering and evaluating on-going programs relating to the Omnibus Crime Control and Safe Streets Act of 1968. He also helps with the writing of the District's OEDP, with HUD projects, and updating the data on the socio-economic characteristics of the counties. Prior to coming to the Commission he had experience as a Junior Planner, Senior Planner, and Area Development Specialist. He was Rural Development Director in the Republic of South Vietnam.

The Board

Prior to the selection of the original boundaries of the District, the Governor of South Carolina had appointed one person from each county in the state to work with the State Development Board in determining the boundaries of EDA districts. Those representing the counties of this District formed the executive committee of the District's original Board of Directors. Each of these selected two others from his county to serve as members of the board. One of these was to be a Negro. This appears to be a rather biased method of determining board representation. The original members were people the Governor knew, and they in turn choose people they knew. It seems as though EDA ought to avoid politics on EDD boards. It was not obvious that there were politics involved here, but they may have been. If EDA had a definite procedure for choosing board members, this situation could not occur.

Members of the board serve a three-year term. Each year one of the representatives to the board from each county is replaced by the county delegation which is made up of representatives to the state house and senate. This situation is better, even though the county delegation is made up of politicians. This way no one person is choosing board representation.

Members of the board include a newspaper publisher, owner of a radio station, president of a bank, school superintendents, and businessmen.

The Negroes include a funeral home owner, postal worker, farmer, businessman, teacher, and laborer. There are no elected officials on the board.

The board does not seem to be very active. The chairman of the board said he had a hard time getting participation at meetings. A lot of members do not come to the meetings. One reason for this according to the chairman and the executive director is that the meetings are in the evenings, and it is quite far for some members to travel. This means they must drive long distances late at night. Further, board members are not reimbursed for travel. This is a hardship for some of the representatives of the poor.

Members of the board did not seem to exhibit a lot of enthusiasm for the potential growth of their Region, whereas there was enthusiasm on the part of nonboard members such as the Executive Director, the City Manager of Aiken, and the President of Aiken's Chamber of Commerce. Members seemed to feel that their participation on the board was a personal sacrifice, rather than an opportunity to better their community. This lack of enthusiasm could explain the lack of participation at meetings.

Part of the problem here is probably due to the contempt which many people in this part of the country have for the federal government. They seem to think that everything should be given to them. Several said that if EDA doesn't have any money to give away that the board members should not be wasting their time since they are not being paid for what they are doing. They also complained about the length of time it takes to get applications approved. They feel once they have made up their minds to do something, they should have the money to do it right away. This problem will not be solved over night. If EDA wants to help these people, they will have to be very, very tolerant. There is really nothing EDA can do to improve this situation. Any move on their part would probably be misconstrued as federal intervention. The best thing for EDA to do is send some money down there and keep away. The solution to this problem has to come from the local people themselves.

All of the members of the board, Negro and white, who were interviewed felt there was no prejudice on the board. This was not entirely evident. Negroes are represented on the board but not in proportion to the number of Negroes in the population. No Negro has ever served on the executive committee. Further, the board has never held a dinner meeting because the white members are afraid of what people would think if they were seen eating with Negroes. A Negro board member said that everything was very polite at the meetings, and that his suggestions were entertained. The fact that this man said, "things are polite" rather than friendly seems to indicate that the white members are merely tolerating the Negroes.

There are three functional committees, Law Enforcement with 23 members, Health with 45 members, and Recreation with 11 members. None of the members of these committees are board members. They are people who represent these fields. For example, the Law Enforcement committee is made

up predominately of sheriffs and judges. The Board of Directors picks the committee members from a list of suggested nominees. These committees are active and meet monthly. There are also OEDP committees active in every RA county. They develop an annual report, and are presently in the process of writing the second stage OEDP.

Problems

Mr. Gunnells believes EDA has too many requirements for reporting. It takes too much of his time to prepare the required reports. He would rather spend his time doing district work. He suggests that EDA require only a quarterly financial report and a full report only twice a year.

Mr. Gunnells would like all government agencies including EDA to have a clearly defined check list of actions which must be completed for an application. Very often an application is returned because a requirement is missing. This seems to be a legitimate complaint. EDA cannot do anything about other federal agencies' applications but it can see to it that it makes its own requirements clear to the applicant so that he is not delayed by having to repeatedly resubmit the application.

Mr. Gunnells and a number of local officials complained that it takes too long for EDA projects to be approved. From the time an application is begun, it takes from 6 to 18 months to get it funded. During this time prices and circumstances change. EDA projects must be approved at the State level in South Carolina. Then they are sent to the EDA Regional Office, where they undergo a thorough examination. Then, the entire process begins again in EDA Washington. All of this takes time and seems unnecessary. Mr. Gunnells believes that the Regional office should have more authority. Once they have approved a project, it should not have to be approved again in Washington. Perhaps EDA should re-examine its processing of applications and see if all of these steps are really necessary.

The cutting back of EDA funds each year causes the executive director some problems. As he is trying to build up his staff, the funds are being reduced. The counties are now putting 25¢ per capita into the District. These counties are quite poor, and it is quite an effort for some to contribute this much. He believes it will be a long time before they can afford more. This seems to be true. Further, with the present sentiment that exists towards the District, it would probably be dangerous to ask for more funds locally. Part of the problem is the complete lack of state contributions to the District. Perhaps EDA should consider requiring state contributions to the EDD's as well as local.

All federal programs have different requirements for funding and have different times for funding. Mr. Gunnells believes it would be much easier if all government agencies could consolidate their funds into one comprehensive development plan. Perhaps this is not possible, but EDA could get together with other agencies and try to come up with a uniform set of requirements for all federal programs.

The planning staff could use more funds. The executive director would like to have a project coordinator for comprehensive health and a person whose primary responsibility would be writing and compiling information. At the present time the whole staff must do this.

Local people do not seem to understand the purpose of the EDD. The Chairman of the board said that the purpose of the District is to get EDA funds into the area. This is the opinion of many. Many others believe the EDD is a federal agency. The staff must spend a great deal of its time trying to overcome these misconceptions.

A Negro board member had approached the Mayor of his town with a proposal for a recreational area which would have serviced predominately Negro children. He was told there were no local matching funds available for such a project. It was not clear if this would have been the case had the recreational area been for white children. There is a general problem of getting local matching funds. No matter how large the federal share for a project is, it is difficult to get the local people to put in their share of the funds. This is partly because they very often do not see the importance of a project and are slow to accept change, and partly because they do not want anything to do with the federal government.

The OEDP

The OEDP had been written for the original four counties by a consultant before the executive director was appointed. He does not feel the document has much value. It is just a lot of facts and figures. Very few local people were consulted in the writing of it. The District is presently working on their second stage OEDP. The executive director feels that the OEDP has no usefulness. It is just another paper requirement of the federal government, and his time could be better spent on project applications.

Goals

The goal of the District is the development of the whole area. Their programs are not aimed at any particular group of people. They have tried to do things that will benefit all people. The primary objective in the second stage OEDP is to create a better understanding of comprehensive planning. This means starting on a local level with local planning commissions.

There is a desire to upgrade water and sewer systems and improve housing for the poor. There is an emphasis on improving parks and playgrounds. They want to promote and encourage education and training programs. There is also a desire to improve health facilities.

Accomplishments

The District has never had an unsuccessful application. There have been a number of successful applications for EDA financed water and/or sewage systems. These total \$1,731,000 in EDA grants and \$763,000 in EDA loans. They are listed in Appendix 2 of this field report.

The executive director believes that the most important accomplishment of the District is that it is still there and functioning despite all of the hard feelings which existed and to some extent still exist. From the beginning of the Regional Commission, one of the major problems was to get people to understand the concept of regional planning, to realize that the towns all have common problems and that they can be solved by working together. There has apparently always been jealousy among the various towns and counties. Towns actually hated each other. The executive director said his hardest problem was and still is getting the board to function together as a team. This was apparent by some of the comments made by various board members. A board member from Aiken County claimed that Aiken has no problems but that the other counties do. He seemed to take the attitude that Aiken was helping out the poorer counties. Another board member said that the planning staff does a better job in Aiken because it is located there.

The executive director has tried to make people realize that while it is often difficult for individual communities to solve their problems by themselves, they can solve them by working together. One of the major problems small towns have is solid waste disposal. Every town cannot afford its own solid waste system. By working together, every county now has a plan for solid waste plants. There are even plans for cross county waste plants.

In his efforts to get local people involved in Regional planning and to get them informed about the District, the executive director has called meetings in every county. Letters were sent to all county officials, mayors, and members of the city councils. Further, notices were put in all local newspapers inviting people to come. The response to these meetings has been between negligible and no response.

The staff prepared a Handbook for Local Leaders during the first year of the existence of the District and distributed it to all city and county officials, local planning and development boards, Chambers of Commerce, and other interested citizens. This handbook was a comprehensive planning guide and included detailed policy and program information about the EDD. AS a result of this emphasis on the need for planning work at the local level, there was an increased number of requests for assistance in developing plans for community and economic improvement.

When they began to get involved with programs other than EDA, the staff not only ran into opposition on the local level, but also on a state

level. Board members and state officials thought that the purpose of the Commission was only to get EDA money and they had no business getting involved in other programs. The state government, from the beginning, tried to keep the planning staff in the dark about anything that was going on in the District because they did not believe it was any of their business. They viewed the planning staff as a federal threat. As a result of this there were many duplicated efforts. Recently, the EDD's in South Carolina made some progress in overcoming this problem. Originally there was a person appointed in each county to try to get state money for a highway safety program. As a result, a lot of counties got no money while a few with energetic representatives got everything. Recently the EDD's were able to convince the state officials that the program could be better handled on a district level. The results so far have been favorable.

The executive director estimates that since they have been in existence there have been about 350 new jobs created. These have come about as a result of the water and sewer systems which have been put into the District. As a result of a water and sewer project in Williston, two manufacturers have located there. As a result of a water and sewer system in Denmark, a manufacturing firm has located there, and a trade school has been expanding to train people for this industry. There has been an application for EDA funds to help expand the staff of this school. This will create about 45 more jobs.

The planner must spend a lot of time getting across the idea of Community planning. The people are not interested in planning. As the executive director said, "they want to see smoke stacks. They can't see plans". Up to this point, there has been little community planning because people have not yet seen the value of it. The staff would like for every city and county to have a planning commission. The staff's job would be to help them make plans and coordinate between cities and counties. When he first came to the District, the staff planner started by contacting each city to see if they had a community planning program. If not, he would help them get one started. He found that all counties actually had a commission but none of them were active. He was only able to get one commission started in a small town. It had a few meetings and then the meetings ceased. Some of the larger cities have planning commissions which do meet. He attends their meetings and offers advice. There are at least 10 to 12 cities of over 5,000 population which should have a planning commission.

There has been some success in recreation. People can take pride in their town if it is attractive. Thus, they want parks and recreational facilities. The staff did a comprehensive plan and basic study for a Recreation Area Development in Aiken County. This report was intended as a long-range comprehensive plan for developing the recreation potential of Horse Creek Valley and the swamp area. They also prepared a Comprehensive Recreation Development Plan for the City of North Augusta and a Recreation Park Plan for a Negro community in the City of Orangeburg. The staff has found they can save money by buying recreation equipment on a regional level.

The Law Enforcement Assistance Program (LEAP) has been successful and is quite popular in the District. A Regional Task Force and six county level Task Forces directly involve about 175 persons present at County Task Force meetings. This popularity has been exploited in promoting other federal programs. LEAP action grants of about \$27,000 have been employed to provide for urgent needs for officer training, riot control equipment, and public protection equipment. It is anticipated that between \$82,000 and \$128,000 in action grants will be obtained from LEAP in 1970 matched by at least 40% local contributions.

The District has helped prepare Positive Action Programs for Aiken and Orangeburg and Economic Profiles for Allendale, Bamberg, Barnwell, and Calhoun Counties.

The District prepared a report on Regional Health Facilities and Services. This report contains a complete listing of all health agencies, organizations and health-related services by county within the Region. A complete resume of each service and how it serves the people is included. This report is the first consolidation of information of this type in this area.

The staff has been working with improving a trade school which is located in Denmark and is also working with getting a technical school in Aiken.

Other Issues

The State of South Carolina has established technical schools all over the state. These are for educating illiterates and for technical training for high-school graduates. There will eventually be a school accessible to everyone in the state. There is one located in Orangeburg County and there will soon be one in Aiken County.

The directors of all ten planning agencies in South Carolina now meet once a month and exchange ideas. They also have speakers who are experts in various aspects of planning.

Summary

Because of the jealousy and bad feelings that exist among towns in this area, it would have been a long time before they got together had it not been for EDA. This jealousy along with mistrust of the federal government and lack of cooperation by the state government has kept the District from moving ahead more rapidly.

The District has made some progress. A number of small town mayors have found the staff quite valuable. Their towns could not afford city

managers and they are only part-time mayors and cannot possibly keep up on all the federal programs. They do not have time to do all that is required for an application for federal funds. Thus, it is of great value to them to have a staff available that has this knowledge.

The City Manager of Aiken has also found the staff and District valuable. He has used the staff in the planning of parks and law enforcement. He realizes that if the Region grows, Aiken will grow. He believes Aiken can double in size in the next twenty years. He had wanted Aiken to be a growth center before the Commission was established. The establishment of the District will allow this plan to be carried out.

The District has made some progress towards accomplishing its goals. Its accomplishments have been primarily in obtaining local acceptance, upgrading public facilities, and in planning.

This District is still in an establishment process. It is still trying to establish its identity and gain local acceptance. It has received opposition from local and state sources. Until the Board begins to work towards a common goal and until board members and local leaders are willing to stop thinking only of bettering their own town or county, real progress cannot be made. The main effort of the executive director will for some time have to be in continuing to get local acceptance. The District has survived, and will continue to survive because the executive director and other members of the planning staff recognize the value of regional planning for this area.

APPENDIX 1

LOWER SAVANNAH REGIONAL PLANNING AND DEVELOPMENT DISTRICT
SOURCES OF FUNDS

	<u>1968- 1969</u>	<u>1969- 1970</u>	<u>Estimated 1970-1971</u>
EDA	\$31,490	\$47,300	\$45,000
Law Enforcement		9,460	14,380
LEA Innovative Grant			3,000
HUD 701 Planning Grant		9,000	Unknown
Local contributions	10,000	51,800	Unknown
local in-kind	<u>8,000</u>	<u> </u>	<u> </u>
	\$49,490	\$117,560	?

APPENDIX 2

APPROVED PROJECTS FOR THE LOWER SAVANNAH
ECONOMIC DEVELOPMENT DISTRICT

<u>Project Description</u>	<u>Amount of Loan</u>	<u>Amount of Grant</u>	<u>Jobs to be Created</u>
Industrial Airpark - Aiken water lines and sewer treat- ment facilities on a 500 acre industrial tract		\$351,000	200
Water & Sewer - Williston	\$129,000	\$195,000	350
Expand Water & Sewer - Denmark	\$279,000	\$373,000	?
Water & Sewer - Allendale		\$103,000	?
Water & Sewer - Fairfax	\$355,000	\$471,000	?
Water System - Blackville		\$64,000	?
Water System Improvement - Bamberg County		\$112,000	?
Water & Sewer - St. Matthews		\$152,000	?

COASTAL AREA PLANNING AND DEVELOPMENT COMMISSION

The Coastal Area Planning and Development Commission has been in existence since 1965. It was officially designated an Economic Development District in July, 1968. Since it has been in existence, it has received approximately \$231,000 in EDA Planning Grants, \$188,000 from HEW, \$17,250 for Law Enforcement Planning, and \$30,500 from FHA. (Details are shown in Appendix 1.)

Background

The District has an area of 2,862 square miles and is composed of six counties: Bryan (RA), Liberty, Long (RA), McIntosh, Glynn, and Camden. Liberty and McIntosh Counties have recently been dedesignated as Redevelopment Areas. The District is located on the Coast of Georgia, bounded on the south by the State of Florida. It covers the entire coast of Georgia with the exception of Chatam County which bounds the District on the north. Every county except Long borders on the ocean.

The major economic resources of the area are timber land, ocean resources, and the climate for recreational activities. The counties all have similar geographic and economic conditions. Coastal fisheries exist throughout the area. The major economic problems of the area center on a declining agricultural base; underdeveloped rail, highway, and barge transportation; declining fisheries; a lack of recreation facilities (both tourist and local); a lack of employment for unskilled workers; and a lack of knowledge of and exploration for mineral resources. The median education in 1960 was 9 years. Thirty-six percent of the families had incomes of less than \$3,000 in 1960.

The major growth center is Brunswick whose population is about 25,000. The principal activities in the Brunswick area include forest industries, pulp and related chemical processing, and tourism. The other growth center is Hinesville, located in Liberty County between the two RA counties. It had a population of about 4,400 in 1967, which is an increase of 1,225 over its 1960 population. The reasons for this increase are due to the activation of Ft. Stewart, located in the county, as a training base, and the existence of two new industries, one a paper mill financed in part by an EDA business loan.

Historically this area has not had as serious a racial problem as the rest of Georgia. They have had no problems integrating the schools. The school boards have accepted the plans for integration from a federal judge and implemented the plans without incident. Mr. Tillman, a Negro on the planning staff, has been all over the South. He chose to live in this area because there was so little racial tension.

There are scattered incidences of prejudice. For example, eight policemen in Brunswick resigned when the city council voted that Negroes and white patrolmen would ride in the same cars. However, the city council stuck by their original decision.

When the Commission decided to get into EDA, the executive director told them they would have to have Negroes on the board. Apparently this was implemented with no problems.

The Staff

The staff consists of 14 people; 11 professionals, an office manager, and two secretaries. They are as follows:

**David Maney	Executive Director
Evelyn Smith	Office Manager
*Edward Long	Economic Development
*Ben York	Recreation & Tourism
*E. C. Tillman	Human Resource Developer
*Earl Barbaree	Industrial Designer
vacant	Law Enforcement Planning Director
Robert Hoffner	Comprehensive Health Planning Director
Vernon Martin	Community Development Director
Don Evert	Natural Resource Development Director
William Grant	Graphic Arts
Jon Ely	HEW Field Coordinator
Chuck Oliver	Librarian Technician
*Elayne Baczkowski	Secretary/Receptionist
Mrs. Dale Warren	Secretary

*Paid by EDA. The rest of the staff donates some time to EDA.

**Paid out of local and state contributions. Donates 25 percent of his time to EDA.

Members of the staff have their own agency responsibilities but they work very closely together. They are all aware of what the other staff members are doing. The executive director feels that although less than one-third of his funds come from EDA, about 75 percent of the staff time is spent on EDA-oriented activities.

David S. Maney, Executive Director, is a member of the American Institute of Planners with a degree in Landscape Architecture and City Planning. His graduate work was in Regional Planning, and he is the recipient of three U.S. Public Health Service Traineeships in Environmental Health Planning. Mr. Maney was formerly a Land Planner; Director of City Planning for Sumpter, South Carolina and Augusta, Georgia; and a consultant in City and Regional Planning. Mr. Maney is also a past president of Planning Officials and past associate member of the American Society of Landscape Architects.

Mr. Maney is extremely energetic and is truly dedicated to the development of the area. This seems apparent by the fact that he was willing to accept a lower salary to come to the District. He did this because he knew that the Commission could not afford to pay him his previous salary.

Mr. Maney is quite an innovator. For example, for a recent Saturday morning meeting, Mr. Maney wanted Mr. Tom Francis of EDA Washington to be present. Since this was not possible, Mr. Maney arranged for a radio hookup system to be connected to the telephone. At the designated time, Mr. Francis called Mr. Maney on his W.A.T.S. line. Mr. Francis and five of his staff members could hear what was going on at the meeting; those present at the meeting could hear Mr. Francis.

The Director of Economic Development is Edward Long. He has a master's degree in Food and Resource Economics. Before coming to the District, he was an Associate State Planner in the Governor's Office for Planning and Programming in Iowa.

The Director of Recreation and Tourism is Bernard York. He was Superintendent of Recreation in West Palm Beach, Florida for 25 years and Recreation Director for the Recreation and Parks Department in Detroit. His experience has been international, national, and local and has brought him many honors.

The Staff Industrial Designer is Earl Barbaree. He came to the District directly from the University of Georgia. His major responsibilities are in industrial site surveys and evaluations, industrial relocation coordinating activities, and labor market analysis.

The Human Resource Developer is Eugene Tillman, a Negro. He has a Bachelor of Science Degree and a Bachelor of Divinity Degree from Howard University, Washington, D.C. He is the Assistant Director of the Neighborhood Youth Corps for the six-county area and a church minister. His past experience has included missionary programs with migrant workers in Southern New Jersey and Southern Florida.

The staff seems to be very capable and is extremely energetic. Like everyone else in the area, they are very enthusiastic about the future of the area and are working very hard towards its development.

The Board

The board consists of 37 members, six from each county and seven from Glynn County which has the largest population. The mayor of the county seat and the chairman of the county commissioners of each county are members of the board. One member-at-large is chosen by the mayors of the county seats. Three members-at-large are chosen by the chairmen of the county commissioners. Board members serve for 3- or 4-year rotating terms. The board has a monthly luncheon meeting at which members of the press are often present. The board members

represent many groups and professions. They include attorneys, businessmen, and farmers. Several members are retired.

One-third of the board is elected. Negroes make up another one-third. Of the rest few are laborers, several are farmers, two are school principals, several own small businesses, and two are retired. There appears to be no discrimination on the board. All members, including the minority representatives, participate actively at the meetings.

All members are extremely enthusiastic about the development of the area and donate a lot of time to work for the District. One board member has conducted a survey of fishing reefs in the area. The reefs will be used for charter boat fishing. Another board member made pictures of the entire coastal area of the District from the air. The only expense taken care of by the Commission was that of chartering a plane. These pictures will be used for an analysis of land usage. Negro members are also active. Two have been working on getting a nursing home in Liberty County. Another has been working on getting a railroad spur extended to the Thiokol industrial site in Camden County. Some of the poorer Negro members are not very active. They do attend meetings and talk to local people about what the Commission is doing. Mr. Tillman of the Planning staff is trying to get these members more involved in the District.

The functional committees are Industrial Development, Regional and Local Planning, Tourism and Recreation, Water Resources, Agriculture and Forestry, Governmental Affairs, Transportation (Highway 17 and 301, and Interstate Route I-95 and I-16), FHA, EDA, and Coastal Highway Coordination. These committees are quite active. They meet frequently, do research, and report their findings at the monthly board meetings.

Problems

There is a problem with the available labor statistics. An industry was interested in locating in the District. Statistics showed that in the area they were considering, there was not enough unemployed labor available. Mr. Maney got a number of college students to do a door to door survey. They found that there was actually more than enough unemployed labor.

Another problem is the dedesignation of RA counties. Whereas statistics show that the situation in the dedesignated counties has changed, Mr. Maney does not believe the real world situation has.

The OEDP

The OEDP does not seem to be used very much. The executive director feels that it does not serve any purpose. He says that they know what their

goals are and having to write them down is a waste of time. He believes that the time it takes to write the OEDP could be used more profitably in trying to accomplish the goals of the District.

Perhaps EDA should reconsider this requirement. The OEDP apparently is more useful to EDA Washington than it is to this District.

Potential

Because of the location of the district on the ocean, there is a great opportunity to attract industry to the area which needs access to shipping facilities. This will require improving port facilities. There is also a great potential for the development of commercial fishing. Methods of fishing and ways of tracking schools of fish will have to be improved.

Tourism can be developed. There are a number of historical areas which could be tourist attractions. Good beaches are needed. Sport fishing can be developed as an attraction. At this time, many fishing areas are inaccessible.

There is a large amount of under- and unemployed much of which is unskilled labor. If they were retrained, there would be a large work force available for manufacturing industries.

Goals

The Commission is trying to solve the problems of unemployment and low family income. They are trying to reach the poor, both white and nonwhite with their program. They want to upgrade community facilities and services. They want to develop recreation and tourism and bring new industry into the area. They want to do this without destroying the environment. These goals are shared by the OEDP, the board, the local communities, and the District staff.

Accomplishments

The Commission has published fact sheets describing all the major cities in the area. This data will be filed in the Department of Industry and Trade Computer Profile System. This system is to provide statistical analysis to industrial prospects matching their needs with communities in the area.

The planning staff is developing an information system. They have a computer terminal in their office which is tied in to a Control Data Computer. They are collecting their own data on population, health, labor, etc., and are storing it in the computer. They intend to also store the

1970 census-data when it is available. At the present time they are using the terminal for computational purposes such as auditing their books.

The Commission has prepared Community Data Summaries on Hinesville, Long County, McIntosh County, and Bryan County. These are more detailed studies and present the necessary data for industrial locations.

The planning staff works with development groups and area Chambers of Commerce in each of the counties. They provide these groups advice on industrial requirements and needs, and statistical help when needed. The Commission has furnished area communities with aid for industrial prospects in the form of market, site, and financial information. They have co-hosted, with local development agencies, two visits to the area by potential industrial prospects.

The executive director estimates that they have been responsible for obtaining approximately:

EDA loans	\$ 8,400,000
FHA & HUD water & sewer grants .	700,000
EDA & HUD water & sewer grants .	700,000
EDA water & sewer grants	500,000
SBA loans	<u>300,000</u>
	\$10,600,000

As a result of their efforts, he believes that there have been or will be made available in the near future around 2600 jobs. The biggest project to date was an EDA loan for \$2,500,000 to construct a railroad to Colonels Island near the City of Brunswick. This island, owned by the Georgia Port Authority, is an industrial park with about 7,900 acres available for development. A deep sea port will also be available for shipping from the island making this the largest deep water industrial park on the coast. The railroad is now under construction. As a result of this, \$124,000,000 worth of industry has already been committed to the island. This will open up about 1100 to 1200 jobs in the very near future.

The Commission did not solicit this industry. However, when an industry approached them, the staff talked with the prospect and gave them information about the area and explained the possibility of EDA loans.

The Commission received \$150,000 from the Crime in the Streets Act for a rural regional jail and a training school for law enforcement officers. The school teaches officers proper search and seizure, conduct and identification, and trains them to do fingerprinting. There was an additional \$160,000 obtained for law enforcement equipment such as radios and guns.

The Commission has partially sponsored an Industrial Seminar and an Export Trade Symposium. They conducted a feasibility study for a grain storage/export facility for Georgia. The report led to a resolution by the Georgia Farm Bureau to lease such a facility when it is built. The Commission, working with local agencies and the Georgia Port Authority, aided in obtaining

a gantry crane for the Port of Brunswick. This crane will be installed in July or August and will greatly enhance the District's port development.

The planning staff is working with the Soil Conservation Service on watershed projects throughout the area.

The state has given the Commission the right to review all state highway projects in the Commission area. They can study the plans and make recommendations as to whether the plans are good or bad for the area. Through the state, the District was able to obtain five boat ramps.

The staff's Human Resource Developer works toward getting better housing and helping people start businesses. He sees on the average of 32 people a month about SBA loans. If they are eligible, he helps them make application. If they are not eligible, he helps them as much as he can. He is also involved in job and vocational training, providing community facilities where needed, getting nurseries and child-care centers, getting nursing homes, and assisting with local cleanup and fixup campaigns.

When Interstate Highway I-95 is completed, the Commission is afraid that people will drive right through the District without getting off the highway. They have thus made efforts to attract attention to the area. They have started fishing contests, brought bicycle tours through the area, and gotten sports championships into the area. They are working on getting large displays at rest stops along the highway which will tell about the historical sites and places of interest in the District. They hope that this will make people want to visit the area.

The Commission has prepared a graphic presentation of the needs for improvement of U.S. 17. This highway is presently a major two-lane tourist and commercial road. With the completion of I-95, it will become a secondary road carrying I-95 overflow and funneling off traffic to tourist facilities on the Coast of Georgia. It was proposed by the Commission that to gain the greatest impact from tourist traffic that segments of this highway be four-laned at points of greatest impact.

Summary

There is an amazing amount of enthusiasm demonstrated by everyone involved in the development process in this District. This includes board members, staff members, and local officials. There is no opposition to the Commission that could be detected. Board members are working together to develop the area. They do not seem to be hindered by trying to improve only their city or county. They realize that what is good for the entire area is good for their county. They seem to have a great respect for the executive director and his staff.

The executive director in turn has great respect for the Board. If it weren't for them, there could not have been as much progress made. He says that they are 37 free staff members. They do a tremendous amount of work on their own time.

Everyone who was asked why they were so enthusiastic and why they were willing to give up so much of their time for the development of the area replied that it was because of the great potential of the area. It would seem that this alone cannot be the explanation. It appears that there must have been some sort of a catalyst that made these people realize the potential that exists and made them want to help develop their area. This catalyst was in part the Executive Director. His enthusiasm rubs off on everyone. The first few years he was in the District, he did everything he could to break down the county barriers. He had individual contact with every Commission member. He made a special effort to accomplish a lot of little projects for everyone just to make them see that progress was being made.

Another reason for the enthusiastic Board is due to the outstanding leadership of the Chairman of the Board, Mr. A. Alaimo, a prominent attorney and County Commissioner. He travels around the country at his own expense making speeches about multicounty planning. He was asked to testify before Congress about EDA late in 1969. He is the member-at-large for the National Association of Development Organizations. He is also one of the original founders of the OEO in the area and serves on its board.

Another factor in the success of this District is the complete cooperation of the state government. This state had recognized the value of regional planning before the existence of EDA. In 1957 they passed the General Planning and Zoning Act which allowed counties to get together for the purpose of planning and development. They have given the District good financial support.

The executive directors of the districts in this state have formed a Regional Executive Directors Association which meets periodically. The exchange of ideas and thought processes has been a great advantage to them. The districts not only exchange ideas, they also exchange personnel. For example, there is an architect on Mr. Maney's staff. He has done work for some of the other districts which do not have one. This has been a great help to all involved. It keeps them working together rather than against each other. It makes them aware of innovations which other districts are employing which they might also use. It keeps them informed on what is going on in the rest of the state and what new programs might be available that they did not know about. The personnel swapping leads to efficient use of personnel. One district may not have enough need for an architect, but several districts might.

This exchange has worked to everyone's advantage. EDA should encourage this type of cooperation in every state and perhaps among states on a national level.

An EDA planning grant was not needed to get the activity going in this District. EDA funds have become an important part of its budget and EDA projects are an important part of the development process.

This District has accomplished much. They have made progress toward most of their goals. They have created a number of new jobs, upgraded many public utilities, and improved the housing situation for the poor. They have made some progress in recreation and tourism, upgraded port facilities, and improved health facilities and law enforcement. Most of these projects have not been aimed directly at the target population. Rather they have been geared toward upgrading the entire economy which will help the poor through better job opportunities and better living conditions.

APPENDIX 1

SOURCES OF FUNDS FOR COASTAL AREA PLANNING
AND DEVELOPMENT COMMISSION

	1965 to 1966	1966 to 1967	1967 to 1968	1968 to 1969	1969 to 1970	1970 to 1971 (estimate)
EDA			\$ 46,692	\$ 58,500	\$ 62,800 (a)	\$ 63,000
HEW					88,025	100,000
Law Enforcement					11,250	16,000
State			35,913	35,913	35,913	35,913
Local (b)			20,913	20,913	20,913	20,913
FHA				30,500 (c)		
Univ. of Georgia (for research)					800	
Total	\$39,000	\$56,000	\$103,518	\$146,626	\$218,901	\$235,826

(a) A supplemental grant from EDA for Human Resource Development made this figure go up.

(b) In addition to this, there is an in-kind payment in the way of office space.

(c) Grant to be spread over an 18 month period.

SOUTHWEST GEORGIA PLANNING AND DEVELOPMENT COMMISSION

The Commission has been in existence since 1963 and has had a staff since 1964. It received its first EDA planning grant in the early part of 1968. Since that time they have received \$146,159 in EDA planning grants, \$143,907 in HUD "701" planning grants, \$32,000 from the Omnibus Crime and Safe Streets Act, and \$104,091 from FHA Sewer and Water Study Grants. (Details are shown in Appendix 1.)

Background

The district consists of thirteen counties: Baker (RA), Calhoun (RA), Colquitt, Decatur, Dougherty, Grady (Title I), Lee (RA), Miller (RA), Mitchell (RA), Seminole (RA), Terrell (RA), Thomas, and Worth (RA). It encompasses an area of 5442 square miles and is located in the extreme southwestern tip of Georgia, with Florida bordering on the south. There are two growth centers: Albany, population 90,000, located in the northcentral portion of the District, and Bainbridge, population 13,000, located in the southwest portion.

The population of the District is around 284,500. Forty percent of the population is Negro. There has been little growth in the population as a result of significant outmigration, particularly among the young educated adults and the Negroes. There is high unemployment, primarily among farm workers who have been displaced by mechanization. Median family income for the District is \$3,217 and for the RA counties \$2,184. Educational levels for the district are quite low.

Agriculture is the main economic activity and accounts for about 21 percent of employment in the District and 34 percent in the RA counties. Seventeen percent of the employment is in manufacturing, though this has been increasing. There is a heavy concentration of low-wage female-intensive manufacturing firms. The service industries account for about 24 percent of the employment. The largest part of this is in personal and recreational services.

There have been few racial incidents in the District although there is prejudice. The schools are not yet totally integrated. There are only a few Negroes in the formerly all-white schools and no whites in the formerly Negro schools. There are very few registered Negro voters.

Staff

The staff consists of 23 persons. The administration is carried on by the Executive Director, Mr. Carroll Underwood, his secretary, and a records clerk. Mr. Underwood also had an administrative assistant who recently left the district and has not been replaced because there is not enough money in the budget at this time. Mr. Underwood believes that the staff should eventually have 30 members. The Planning Department

consists of a Director, four planners, three technical aids, a secretary, and a typist. The Production Department consists of a manager, one draftsman, and one drafting aide. At this time there is also a law enforcement planner with a clerk to assist him.

The Economic Development Department consists of a Director, a Development Specialist, a Research Specialist, a Records Clerk, and a secretary. These staff members are paid by EDA. The Economic Development Director is Mr. D. B. Williams. He has a degree in Geodetic Sciences. Mr. Williams' experience before coming to the District in 1968 had been as Director of a State Industrial Development Department, Executive Director of the Industrial Committee for a city of over 250,000 population, and Director of a 20-county industrial association.

The Economic Development Specialist is Mr. Robert Murrah. He has a degree in Business Administration, one year of law school, and completed training in Community Development at the University of North Carolina. He has 6 years' experience in community development as manager of a small town Chamber of Commerce. Mr. Murrah works with community development groups, the OEDP committees, local industrial committees, and any other group that needs economic assistance. He does inventories of buildings and industrial sites and helps with SBA or EDA loan applications.

The Research Specialist is Mr. Wayne Williams. He has a masters in Agricultural Economics and did some study toward a Ph.D. in Economics. He was employed by the Georgia Cooperative Extension Service Experiment Station before coming to the District 15 months ago. Mr. Williams conducts market studies, handles requests of industries and governments for data, and publishes an annual directory of manufacturing for the District.

The Executive Director, Mr. Carroll Underwood, has a degree in electrical engineering. Before coming to the district in 1964 he was employed by a major aircraft manufacturer and major airlines. He has been chairman of a local planning commission and was active in local and state Junior Chamber of Commerce. He has been responsible for the organization of the staff, the development of the District's program, and has implemented the District's policy.

The Board

The board of the Commission consists of 26 members and meets monthly. Each county seat and each county has a representative. Members are farmers, retailers, doctors, bankers, and representatives of the communications media. Eight are elected officials.

A separate board exists for the Economic Development District and was formed when the Commission got into EDA. It consists of the 26 commission members plus 13 Negro representatives, one from each county. These members include farmers, carpenters, school principals, teachers, a trucker, and a dentist. This board meets quarterly. The chairman of the Commission board is the chairman of the EDD board. The vice chairman of the EDD board is a Negro.

It appears that the Negroes do not have much authority. The Commission is meeting more often and is doing most of the planning. Negro members are allowed to attend the monthly meetings of the Commission but are not invited to these meetings. In other words, the Negroes, who are one-third of the representation of the EDD board, vote only at one-third of all the meetings. Most white members seemed to feel that at the EDD meetings the Negroes did not contribute much. This could be due to the fact that they are not involved in two-thirds of the meetings dealing with what is going on in the District.

When the Negroes were first put on the board the situation was quite tense. Some white people had never known a Negro before. One board member speaking about the first meeting said, "They sat on one side of the room and we sat on the other". The situation has improved to the point that dinner is now served at the meetings and everyone eats together. A Negro board member said that there was no prejudice on the board and that the ideas of the Negroes were heard.

It seems apparent from the organization of the board that it is not free from prejudice. The Commission is now considering changing the role of the board. However, it is not obvious that it will be changed. Some Commission members do not feel that there is any problem the way things are. They believe the Negroes have a say in what is being done. It seems that if EDA sincerely wants the minorities represented on the boards of EDD's they should not allow a situation like this to exist. Perhaps EDA should have better guidelines for setting up EDD boards.

There are a number of functional committees. These are Agriculture, Governmental Affairs, Industrial Development, Tourist and Recreation, Retail Trade and Services, Planning, Education, Public Information, Water Resources, and Law Enforcement. These committees consist of from three to five members. They are board members and nonboard members. Three years ago the committees were quite active. For some time after that they did not function because the staff was busy doing other things. The committees did not take the initiative to meet on their own. The chairman of the board has emphasized the importance of committees and they are now meeting again.

There are eight OEDP committees. They were formed by revising the county program planning committees to meet EDA requirements. The OEDP committees meet from two to four times a year.

Goals

The goal of the staff, board, and OEDP is to bring about all facets of community development. This includes upgrading housing, water, and sewer systems, air and water transportation, health and recreational facilities, education and skills, and cultural activities. There is a desire to optimize farming efficiency and productivity. Water resources are to be developed and properly utilized. The possibility of mineral resource development is to be explored. They are trying to help all people, in particular the poor, both white and nonwhite. (60 percent of their poor people are white.)

The staff at this time is oriented toward industrial development because of the personnel they have. They are placing a lot of emphasis on getting water and sewer systems to all areas. They believe this is the first step in attracting industry. They want a good mix of large and small industry in the area. They hope to be able to do more in recreation, housing, and cultural activities in the future.

Potential

In recent years many mobile home manufacturers have located in the southwest part of Georgia. Thus there is a potential to bring in industries which are suppliers to the mobile home industry. There is an unlimited potential to increase agriculture through efficiency in farming. Not much has been done in this area yet since the staff cannot figure out what their role should be. There are county agents which local people have been consulting for years. The staff feels the county agents are more qualified to handle these problems, since they have been dealing with them for years. The staff has not been able to determine where there are gaps in these efforts. They are working on finding them. The District's closeness and accessibility to the rapidly expanding market areas of central Georgia, central Alabama, the Gulf Coast, and Florida makes this area attractive to market-oriented industry. There are good basic water resources and land appropriate for industrial development.

There is a possibility of food processing plants locating in the District because of the large amounts of agricultural products produced. The executive director believes that this will happen by itself. He does not believe government resources should be put into this because these are generally low-paying jobs. The Commission is concentrating on attracting higher paying jobs.

There is a large amount of pulp available. The Commission is not very enthusiastic about developing this because they want to conserve the water resources in the area and most industries which use pulp consume a tremendous amount of water.

There is a possibility of developing commercial recreation such as hunting and fishing. They have the wildlife for hunting and Seminole Lake, which already attracts 2,000,000 fishermen a year. The Commission has not been able to do much with recreation or tourism since it has not been funded for and does not have the staff qualified to work with it.

The Flint River runs from Lake Seminole in the southwest part of the district near Bainbridge through the middle of the District and through Albany. The Southeast River Basin Study Commission found that if the appropriate locks and channels could be built on the Apalachicola River, which

is in Florida and also runs into Lake Seminole, the Flint River would become suitable for barge transportation. This would mean that industry which needs this type of facility would find locating in the District attractive. The Corps of Engineers has looked into the situation and knows how to get it done, but has not received funding to do it.

Problems

The staff office is located in Camilla, which is a small town 30 miles south of Albany. There are no cultural activities and poor community facilities. It is quite difficult for the Commission to get qualified personnel to move into this town. Unfortunately in this case, the Commission was already in operation and had an office set up before EDA was added to their program.

There is a constant turnover of local elected officials. This causes a problem for the Commission since they are continually having to educate these officials on the purpose of the Commission. Uninformed local officials often make statements which are untrue and damaging to the Commission. When there was an administrative assistant, he worked on this problem. Now all of the staff members spend time educating local officials on the Commission's purpose. Mr. Underwood has not been able to think of a program which would get these people informed before they get into office.

In its promotional efforts, EDA has apparently publicized to local communities through pamphlets and newspaper articles all the things EDA can do. When these things do not happen because of lack of funding or failure to qualify for a particular program, the Commission is blamed. One example of this is the requirement that an industry be willing to locate in an area before they can get EDA water and sewer grants. EDA promotion has told people they can get water and sewer grants. Later on the EDA staff must tell them they are not eligible. This is bad public relations. This Commission has done a lot of work to promote its program and gain local acceptance. They would be much better off without this kind of "help". Where Economic Development Districts exist, EDA should leave the promotion of EDA programs to the local districts. They are fully aware of what can and cannot be done for their area.

As a district is growing it needs more funds. The executive director believes that EDA should wait at least five years before cutting back funds. He points out that younger districts especially need more funds to prove their value to the local communities, and that staffs become increasingly sophisticated and useful as they become older.

Mr. Underwood complains that they are not kept informed about changes in EDA policy. This has slowed them down on a number of occasions because they have not followed procedures that they knew nothing about. For example, the Commission had completed a draft for the second part of their first-stage OEDP. A staff member took the draft to Washington for approval. He was informed when he got there that he had not followed the new guidelines which were in the process of being rewritten and were not even published yet. The district received the guidelines several months after this incident. It seems obvious that EDA should make a special effort to keep these people informed of changes in policy, since these districts are EDA's instruments to get things done.

Mr. Underwood sees problems with EDA water and sewer grants. In order to get EDA funds, you must have industry that will agree to locate there. You can't get them to do that without water and sewer. Industries do not like to wait for installation of these facilities. It takes at least 2 months for the EDA go ahead on a sewer project, one year for an engineer to make plans and for local officials to arrange for the sale of bonds, and another 8 months to a year to build the system. For both water and sewer it takes a total of about 36 months. An alternative is to get domestic water for a town through FHA. This type of assistance does not allow capacity for industry and does not create jobs. Therefore, the unemployed migrate out of the town and the people who remain are stuck with the bill and no jobs.

A city manager also has complaints about EDA water and sewer grants. They have industry which is interested in locating and they need a better water and sewage treatment plant. Because there is a high flood river in Albany, they also need storm drainage. The state water quality control board may not permit any more industry to locate in Albany without the needed improvements. They are planning to expand the water system with city funds. They cannot afford all of the rest that is needed. Several years ago they began to process an application for an EDA water and sewage grant. They were informed by a regional EDA official not to bother with the application because the project was not "imaginative" enough.

EDA should reexamine its requirements for water and sewage grants. Good water and sewage is imperative before industry will locate in an area and industry is usually not willing to wait for it to arrive. They will find another area where these facilities already exist. Further, EDA should have better guidelines for accepting and rejecting applications. It should not be left up to any one person to reject a project on such grounds as the amount of imagination involved.

The Commission has problems because of the way the federal government requires them to report things. They cannot reflect the true cost of a project. There are many expenses such as people attending meetings which cannot be reflected in a report. If the local share falls below the estimated cost, they lose some of their federal money, even though they may have

spent the money and can't report it. Therefore, there is a tendency to underestimate the local share of a project in making applications so as to just cover the ratio required to get federal funds. Mr. Underwood has attacked this problem by attaching a sheet to each report showing what additional funds were spent. Perhaps all government agencies including EDA should reconsider their reporting procedures.

The OEDP

The executive director believes the OEDP is valuable. He said he knew the goals but had never verbalized them before the OEDP was written. The OEDP gives them some guidance. However, the data in the OEDP are outdated. Further, the priorities often are ignored. For example, during elections, politicians tend to say what they believe will get them elected. This may not concur with the goals of the OEDP.

Accomplishments

The district staff has been responsible for organizing in every county a county planning commission. The boards of these commissions are active and use the district planning staff as their own planning staffs. Through these organizations the Commission has helped with the zoning ordinances of local cities and counties and has done comprehensive county development plans.

The economic development staff publishes a biennial directory of manufacturing. This includes all sorts of data such as industrial site evaluation and available industrial building space. These data are an important tool used by the local Chambers of Commerce, other industrial development groups, and industrial prospects. They have also been responsible for preparing a publication called Industry and Trade for each of the area's 41 incorporated cities and towns and coordinating business management clinics in several communities.

In the last year there have been over 5000 jobs created in the area. The executive director believes that the staff is directly responsible for some and are indirectly responsible for most of them.

Because of the great number of mobile-home manufacturers in the area, the Commission has done a study on mobile-home suppliers. They sent 500 letters to national manufacturers who are mobile-home suppliers to show the potentials for mobile-home components in this area. They also publicized the potentials for mobile-home components manufacturing to local manufacturers and development groups.

The staff is now studying the market for basic plastics. They believe there is a big enough market to attract plastics producers into this area.

The Commission has held a number of seminars on comprehensive planning. These are attended by local planning commissions and local officials. They are taught the planning process and how to handle applications for funds. The Commission holds workshops every two weeks as part of their HUD Workable Program. These have included a number on county and municipal codes. These were attended by city clerks, treasurers, and elected officials. They were taught how government is managed. There was a workshop on the changing role of education. This was attended by industrial managers and educators. Industry told the educators what was now required in employees. The educators in turn were able to tell industry some of their problems. There have been other seminars on topics such as recreation and forestry which have been of interest to farmers.

The staff has done little in the housing field. They are beginning to do research which will allow them to set up an areawide housing authority.

The most important accomplishment of the District to date, according to the executive director, is getting the people to approach problems in a joint effort. Local officials and Chambers of Commerce now depend on the staff and do not hesitate to call on them for assistance. A representative of the Albany Chamber of Commerce said he would be lost without the Commission. They have provided him with valuable information on industrial sites, available buildings, and general labor statistics.

It took a long time to gain local acceptance. In the beginning the Commission published a monthly newsletter. It was mailed to about 1500 people. Twelve hundred of these were local people and included elected officials and other interested citizens. The rest were sent to other EDD's, state governmental agencies, and EDA Washington. Half of the newsletter was devoted to Commission activities. The remainder was used to tell what different communities were doing. The purpose of the newsletter was to weld the communities together. Emphasis was placed on the successful things that communities were doing and an effort was made to get others to do the same types of things.

All of the staff members give a lot of speeches to women's clubs, college groups, and civic groups. At one time the executive director was on TV for 5 minutes every week talking about the Commission. When there was an administrative assistant, he spent most of his time on the road doing public relations work. He went to all local officials and told them what the Commission was doing.

The executive director believes that local communities now realize that they do not need everything. They have been convinced that they do not

have enough resources in their individual communities to have every type of community facility. They now seem to be satisfied to have things exist within the region rather than not have them at all.

There is still some opposition to the Commission. Some Chambers of Commerce are opposed to it because they want to look good and Commission activities take attention away from them. There are a few small town mayors who are opposed to the Commission because they don't want anyone "fooling around with their labor".

Summary

An EDA planning grant was not needed to get the activity started in this District. It is now an important part of the District's revenue sources and pays for several staff members. If this money were to disappear suddenly, the Commission would continue to function but it would probably have to eliminate two or three staff members. The additional money could not be obtained locally. Some of the counties are having a difficult time meeting their present obligations.

The Commission is doing a lot for the local communities. They have received acceptance by most local officials and are now relied upon by these officials for assistance in planning and industrial prospecting.

The Commission's efforts up to this time have been geared toward attracting more industry to the area. There has not been any emphasis on any particular segment of the population. Rather they have tried to stimulate the economic growth of the area, thereby creating new jobs which will ultimately reach the target population. The Commission is now working with the OEO to make sure that their programs are reaching the poor.

APPENDIX 1

SOURCES OF FUNDS FOR SOUTHWEST GEORGIA
PLANNING AND DEVELOPMENT COMMISSION

	<u>1968</u>	<u>1969</u>	<u>Proposed</u> <u>1970</u>
City and County Assessment	\$ 67,002	\$ 66,860	\$ 64,508
HUD "701" Planning Grant	72,520	38,089	33,298
Omnibus Crime and Safe Streets Act		16,000	16,000
State Planning Bureau	50,000	50,000	50,000
FHA Sewer and Water Study Grant	40,893	40,893	22,305
EDA	42,735	55,089	48,335
Albany Planning Office		12,000	13,086
Dividends		139	139
Cash on Hand	16,880	5,704	12,060
Miscellaneous	350	6,095	
	<hr/>	<hr/>	<hr/>
Total	\$290,380	\$290,869	\$248,496

CLEARWATER ECONOMIC DEVELOPMENT ASSOCIATIONBackgroundComposition of District

The Clearwater Economic Development Association (CEDA) in the State of Idaho is composed of the five counties: Clearwater, Idaho, Latah, Lewis, and Nez Perce. Also located in the CEDA is the Nez Perce Indian Reservation. Clearwater and Idaho counties, and the Nez Perce Indian Reservation are the Redevelopment Areas.* The largest community in the CEDA is the City of Lewiston (1960 population = 12,691), which serves as the growth center. The second largest city in the CEDA is Moscow (1960 population = 11,183). Lewiston and Moscow are the only communities in the CEDA that have a population in excess of 10,000.**

Approximately 2,300 members of the Nez Perce Tribe live on or near the Reservation of about 100,000 acres (about one-half of this number live on the Reservation and one-half live off the grounds). The Nez Perce population has been growing at the rate of about 2.5 percent per year. The Tribe is governed by 8 elected members, elected biannually, of a Tribal Council which meets monthly to conduct Tribal affairs. Tribal headquarters are in Lapwai. The Tribal Chairman is the highest ranking official.

Population Characteristics

The population in the CEDA, with the exception of the Nez Perce Indian Reservation, grew about one percent per year in the period 1950-1960. The growth rate for Lewiston was approximately two percent per year. There is a significant outmigration of young people to California and Washington.

* Although Idaho County qualified as a Redevelopment Area when the District was formed, it has since been taken off the rolls due to a significant decrease in the unemployment rate of the City of Grangeville which occurred during the lumber boom of 1968. Since the end of this boom, the unemployment rate in Idaho County has risen again to its former level, and efforts are being made by the District staff to have the county redesignated.

** The third and fourth largest communities are Grangeville (1960 population = 3,642) and Orofino (2,746), respectively.

Of particular interest is the fact that there is a very small black population (less than one-half of one percent), and virtually no ethnic groups in the white population.

District Formation

The CEDA was formed largely through the efforts of two men--Carl Moore, Director of the Port of Lewiston Authority; and Dave Kendrick, the Dean of Business at the University of Idaho. These men had been trying to get people interested in development for several years, but could not get an organized group together to tackle the problem. When the EDA Planning Grants program came into being, they were instrumental in writing and submitting the Overall Economic Development Plan (OEDP). Since the CEDA has become a designated area, these two men have continued to play an active role in its affairs, serving as members of the Board of Directors. Moore is currently the Secretary of the Board.

Economy

The economy of the CEDA is primarily extractive. Agriculture and timber are the two dominant industries. Of all persons employed in manufacturing, about 77 percent are engaged in the processing of wood products. Potlatch Forests in Lewiston is the CEDA's largest employer.

Basically, the CEDA's population, with the exception of the Nez Perce Reservation, is composed of manual-type laborers, ranging from totally unskilled to skilled operators of heavy equipment. Almost all of the employable Indians are unskilled.

The principal industries--agriculture and timber--are highly seasonal, resulting in a pattern of a few months of low unemployment followed by a few months of high unemployment. For instance, in September, 1966, the unemployment rate for Clearwater County was 2.6 percent, while in March the level was 16.8 percent. Comparable figures for Idaho County were 2.7 percent and 13.1 percent and for Nez Perce County 2.7 percent and 6.0 percent. The largest differences occurred in those counties having primarily a forest-based economy. The unemployment problem is particularly acute in the Nez Perce Reservation. Nearly 50 percent of employable Nez Perce males are typically unemployed. In 1960 the per-capita income on the Reservation was \$672, compared with \$2,223 for the United States

as a whole. The fact that the average income on the Reservation is only about one-fourth that of the average American brings rise to all kinds of associated problems such as housing, sanitation, and education.

Thumbnail Sketch

Staff

The planning staff of the CEDA is composed of an Executive Director, Lonnie Williams; his assistant, Scott Brown; and a full-time secretary. Williams is a former Professor of Forestry Economics at the University of Idaho. He is a very personable, hard-working, dynamic and sincere man, and appears to be an excellent choice for executive director. Scott Brown, a former student of Williams', is more reserved, less dynamic and appears competent. Brown is the third assistant that Williams has had since the inception of the CEDA in 1968, and is just now learning his way around.*

The principal contacts and ideas seem to generate from Williams. He appears to be the prime catalyst in the District, with help from Moore and Kendrick (see previous section). Brown plays a subordinate but important role, does most of the necessary "paper" and "leg" work associated with the District projects. He also represents the CEDA at many local meetings held throughout the District in various communities.

Committees

Most of the planning for the CEDA is done by the staff. There are no functional committees as such because Williams does not believe that they are effective. When he has a job to do requiring committee study, he appoints a committee to do that specific job.

Funding

In 1968 the CEDA received a planning assistance grant from EDA of \$42,650; in 1969 the grant was approximately \$44,000. The staff is requesting an increase of several thousand dollars for 1970.

The District contribution includes both cash and in-kind support. In 1968, for instance, the following breakdown is given in the District OEDP for the \$14,441 District contribution:

* The other assistants were graduate students who moved on after obtaining degrees.

In-Kind Contributions

\$300 - Consultant services by university professor
 for supervision of graduate student
 360 - Office space for graduate student
 2,400 - Consultant services of university professors
 600 - University library use
 2,431 - Board of Directors travel expenses
 600 - Services of city and county employees
 \$6,691

Cash Contributions

\$3,500 - Counties (Clearwater, Idaho, Latah, Lewis,
 Nez Perce)
 3,100 - Cities (Lewiston, Moscow, Craigmont, Orofino,
 Kamiah)
 150 - Nez Perce Tribe
 1,000 - Port of Lewiston District
 \$7,750

The district funding remained approximately the same for 1969.

Objectives

According to the OEDP, the CEDA wants to stimulate area development through two broad avenues:

- (1) Support the attainment of the basic level of public facilities and services required to support and sustain private growth under contemporary conditions
- (2) Stimulate private enterprise development and direct creation of employment opportunities, including expanded programs of vocational/technical training.

The overall strategy is aimed at exploiting the following resources: Timber, Agricultural, Water, Mineral, Scenic/Recreational. The staff plans to accomplish this task by concentrating on presently underutilized or largely unrecognized quantities of these resources. No formal plan or timetable for doing this has been drawn up.

Much emphasis is placed by the staff on improving the Indian standard of living and providing them employment opportunities. Fully one-half of Executive Director Williams' time is currently devoted to Indian problems. He deals primarily with Irvin Watters, a member of both the Board of Directors of the CEDA and the Nez Perce Tribal Council.

Accomplishments

Several significant accomplishments can be claimed by the District staff. In the eyes of Executive Director Williams, the two biggest successes have been (1) the location of the Idaho Tree Products Company chipper plant near Kamiah, and (2) the establishment of the Wood-N-Joy Toy Factory in Craigmont.

The Idaho Tree Products plant cost a total of \$750,000, of which the staff was instrumental in securing a \$345,000 business loan from the Economic Development Administration. Approximately \$500,000 in equipment is tied up in this plant. The plant is projected to sell over three quarters of a million dollars of wood chips annually. An important facet of this plant is that it is using as inputs waste material that formerly went unused. The firm employs about 20 people. By their own admission, the staff was fully responsible for bringing this company into the CEDA.

The second major accomplishment--the establishment of the Wood-N-Joy Toy Factory--has a colorful history which illustrates some of the difficulties in dealing with the Nez Perce Tribe. The planning staff was able to get private interests to launch the company in Craigmont. Currently eight people are employed, most of whom were previously unemployed. In addition to employing local labor, the firm upgrades low value lumber in the manufacturing of the toys. The company expects to sell over \$150,000 worth of toys in 1970. It is interesting to explore how this firm ended up in Craigmont.

Initially, the toy-making process was offered free by the Canadian inventor (through the efforts of Executive Director Williams) to the Nez Perce Tribe. That is, if the Indians could provide the plant, equipment, and management, he would turn over his process to them free of charge. Due to inherent mistrust of white men, according to Williams, the Tribal Council decided to refuse this generous offer. Executive Director Williams then secured the interest of some local people in Craigmont who were willing to pay \$35,000 for the process. Meanwhile, the Nez Perce realized that they made a mistake in refusing the initial offer and asked to be reconsidered. The inventor then agreed to sell the process to the Nez Perce for \$35,000.

The Nez Perce were, in general, receptive to this idea. But, since it was so close to election time and the existing Council did not want to enter into any controversial dealings, they delayed writing the check. Sensing another rejection, the inventor of the toy making process sold it to the private interests in Craigmont, where it has been highly successful. The Nez Perce are now regretful and are not liable to make the same mistake again. Again, the planning staff, primarily Executive Director Williams, was fully responsible for the establishment of this company. And, the work he did in attempting to bring this industry to the Reservation is worthy of special commendation. His work in this regard is illustrative of the genuine concern he has for the welfare of the Indians on the Nez Perce Reservation.

There are other accomplishments that the staff can claim. The Lewis and Clark Vocational Training Center in Lewiston became qualified for a Public Works Grant when the CEDA was formed. Recently, after much District effort, a grant of \$750,000 was obtained in order to double the training facilities at the Center. The District staff was instrumental in acquiring special funds for a Logger Training Program being offered through the Center. The first class to pass through this program, comprised mostly of Nez Perce Indians, was recently graduated.

The staff assisted several businesses in the District in acquiring loans through the Small Business Administration totalling more than \$200,000.

Executive Director Williams was personally responsible for acquiring funds to allow a small electronics firm that will employ eight people, to set up on Reservation lands. The finishing touches are currently being put on the new plant.

The District staff has coordinated the efforts of the University of Idaho with the City of Kamiah and the County of Latah for the planning of park developments.

The District was instrumental in coordinating private cooperative efforts which resulted in construction of the Grangemont-Hollywood Road. This road, which has a value of over \$500,000, will be turned over to the county.

The District sponsored a manpower analysis of the Lewiston area to secure labor information for potential industries. However, the report is long overdue and evidently is beset with problems.

As a result of these projects the staff claims to have brought in over two million dollars to the District, along with more than 50 jobs, in its first 18 months of operation.

Current Efforts

At present the staff is working very hard to acquire funds to develop a tourism/recreational complex on the Nez Perce Indian Reservation. In part because the Tribe has yet to see any tangible results of the EDA program benefiting them, notwithstanding the toy factory fiasco, and in part to show that something can be done on Indian reservations, the staff is attacking this project with ferocity. They consider it the "pilot" project for the Reservation. It is officially known as the Tribal Unit 44 (TU44) project.

A motel, restaurant, museum, and tepee village are planned at an estimated total cost of \$1.7 million. Over 100 Indians are expected to be employed. The site has many natural scenic/historical advantages and is currently undeveloped. A prefeasibility study (under an EDA Technical Assistance grant) was done by Pacific Consultants. The project was determined to be feasible and at present a company known as Ch₂M in Portland is performing the design analysis. They are, however, long overdue in their report. Until this study is completed, nothing can be done.

Additional district projects currently being worked on include the following:

- (1) Sewer and water project for the City of Orofino
- (2) Water project for Orofino
- (3) Lewis-Clark convention center
- (4) Tourism center along Highway 12
- (5) Improved training for Nez Perce Indians
- (6) Port of Lewiston development
- (7) Native Indian goods production
- (8) Expanded plastic product production
- (9) Improved housing.

None of these are in very late stages of development, but do occupy considerable staff time.

Constraints

The staff feels that the funding of their program is adequate and does not constrain their activities. Their biggest problem seems to be in the EDA-Seattle Office, which appears to be the biggest bottleneck in District operations. A good example is the application for the TU44 project. Williams, is dissatisfied with the manner and the speed in which it is being processed.

In addition to the TU44 project, the staff related several other problems they have had in dealing with the Seattle office. The problems, from the District's point of view, seem to center in two areas: (1) lack of communication between Seattle and the District, and (2) inability of EDA-Seattle to make decisions.

Observations

Relationship with EDA-Boise

Some of the resources the CEDA is having trouble with EDA-Seattle might be its apparent lack of interaction with the EDA specialist in Boise. The CEDA staff tends to deal directly with the Seattle office without going through Boise. One limiting factor in establishing a good relationship is the limited travel funds currently accorded the EDA specialist in Boise.

Potential Port of Lewiston Impact

Carl Moore foresees that the completion of the Port of Lewiston is the key to development in this area. The "Port Project" is bringing slack water navigation and modern port facilities to Lewiston. Within 5 years of completion, 1,000 new jobs are expected to be created. Only one more dam needs to be completed by the Corps of Engineers before a timetable for development of the Port can be drawn up. This dam--The Lower Granite Dam on the Lower Snake River--is currently under construction.

Relationship With Nez Perce Tribe

The relationship between the District staff and the Indians is worthy of comment. Rather than dictate to the Indians what their goals and objectives should be, Williams lets them make their own decisions. He subtly

forces them to develop their own goals, establish their own alternatives, and make their own decisions. He is always available for guidance and advice. This mode of operation seems to be working well, as judged by this interviewer, who on several occasions, observed interaction between Williams and various members of the Tribe. For this reason, it appears that this District composition--an Indian reservation encompassed by and enmeshed with non-Indian communities might produce favorable results in the long run.

Along these lines, it appeared that significant progress has been made on several fronts. First, progress is being made in the relationship between Indians and non-Indians. By serving side by side and making common decisions some mutual trust and understanding seemed to be developing. In other words, there appeared to be a blending of the two cultures--at least the seeds were being planted. Second, the Nez Perce Indians, particularly the Tribal Council, are extremely interested in putting their people to work and to doing anything else that would make them self-sufficient. This observer believes this planning grant's program offers them a vehicle which was not available to them before, to at least carry on effective dialogue with non-Indian neighbors and at most create new employment opportunities. The program appears to be successful along these lines.

Nondevelopment Activities

It was apparent that the staff is heavily involved in activities not directly related to the creation of new jobs. Some idea of this can be gained by examining the current projects discussed previously. In addition to these projects the staff attends meetings of various local groups just to show that they are interested in their problems, lends support to various communities and agencies for worthy causes, and generally become involved in practically every arena of progress, with the exception of politics.

Degree of Local Involvement

If there is one criticism that can be leveled at the staff, it is that they have sought minimal help from others outside their own organization such as local Chambers of Commerce, CAP, and other local development groups. The CAP Director, in Lewiston, Kay Pell, attested to this. As a result, the degree of local involvement is minimal.

Associated with this last observation is the staff's surprising lack of communication with the Bureau of Indian Affairs. It appears that the BIA has little to do with the efforts of the planning staff, even when these efforts relate to the Indians. Reasons for this lack of coordination are not known.

Conclusions

In summary, the CEDA appears to be heading in the right direction. The staff seems to be doing an excellent job in the fulfillment of the objectives of the planning grants program. It is difficult to tell how much of this is due to the attributes of the staff and how much is caused by exogenous factors, but this observer feels most of the credit for accomplishments up to now should go to the executive director.

WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT INCORPORATED

The West Central Indiana Economic Development District consists of Vermillion, Parke, Vigo, Clay, and Sullivan counties. They are located in the southwest portion of the State of Indiana, clustered around Terre Haute. These counties are a fairly well integrated economic unit, however, there is interaction with nonmember counties across the State border in Illinois. The five counties have not yet become so poor that they realize they must work together to achieve growth and development. As a result, interest in the activities of the District is not as widespread as it is in many other districts.

The District was designated June 14, 1969. Among their problems are ones of establishing legitimacy, problems of defining goals and objectives, and the problem of delineating the exact nature of the economic development problem of the District.

Staff

The staff of the West Central Indiana Economic Development District consists of a Director, an Assistant Director and Planner, and a secretary-bookkeeper. Mr. Keith Cornelison, the Executive Director, has been with the District since it was formed. Mr. Cornelison obtained his B.S. in economics from Indiana State University. He is familiar with the intricacies of political activity among the counties in the District and he knows most of the members of the power structure who might be responsible for initiating economic development. Most members of the power structure who are concerned with development consider the District the focal point for their activities. The assistant to the Director, Mr. Jerry Dooley, was hired in July 1969 to provide additional technical competence in the area of planning and development. Mr. Dooley graduated from Indiana State University with a B.S. and Masters in economics.

Funding

The yearly budget of the District involves \$36,000 as the federal share and \$12,000 as the applicants share for a total district budget of \$48,000. The interesting part about the funding of the District concerns the source of the applicants share of the funds for the budget. The District does not collect money from the five counties in order to provide the applicants share of the budget. Local businessmen and labor unions contribute cash to provide the applicants share of the funding. Thus, the counties have no financial commitment to the District.

Description

The focal point for economic activity in the District is Vigo County which surrounds Terre Haute. Vigo County has a population of 108,000, of these 72,000 reside in the City of Terre Haute. The remaining four counties of the District have a total of 76,000 in population. The economic base of the District consists of farming, manufacturing, and wholesale and retail trade.

Several years ago interested citizens in the District formed a Committee for Area Progress. This committee was formed in response to the closing of a nearby military installation. As this military installation was closed the land upon which the installation was located became available for potential industrial development. The local business community did not feel that the local Chamber of Commerce was capable of developing the land for industrial use.

The committee collected funds to hire a staff to promote the industrial park. The committee was also concerned with the concomitant problems brought about by having a significant portion of the income-generating population moving out of the District. This committee still exists as an institution but it is slowly being superseded by the District.

As the CAP was promoting the land for industrial development purposes it became clear to the members of the committee that the road system of Terre Haute did not provide adequate access to the land. Therefore, the CAP took on its second major endeavor. They intended to obtain a new access route to the land which they were trying to develop. There was an access route to the land but it crossed some railroad tracks which were part of a large railroad switching yard. It was not uncommon for traffic to be held up for as much as 30 minutes.

The activities of the CAP caused local citizens to recognize that development must take place on a broader scale than the City of Terre Haute or Vigo County. The CAP incorporated the four counties surrounding Vigo in its activities, two of which are redevelopment counties. Therefore, the five counties with Terre Haute as the growth center qualified to apply for planning grant funds as an Economic Development District. Thus, the CAP was responsible for the formation of the District.

The local share of the funding of the District comes from the funds collected by the CAP. The District, therefore, does not have to rely on the support of the counties.

The District appears to many local citizens to be an extension of the CAP. The CAP is a business oriented organization which some individuals in the District feel does not represent the wishes of the entire population. The District does not have strong local citizen support. In addition, the District has no legal status as far as the State of Indiana is concerned.

The CAP has performed a valuable service to the community by being responsible for the formation of the District. The District is presently serving the members of CAP. As long as the projects which the CAP members wish to promote are useful for overall development, the District will be serving all citizens. However, unless the District broadens its local citizen support, there is considerable potential for animosity and conflict between the District and the community.

In addition to promoting the industrial park and the project for the access road, the District has been involved in the Dixie Bee Highway Federation. This organization of 500 interested citizens was formed when they recognized a need for a major four-lane highway from Evansville, Indiana to Chicago, Illinois. The old highway is two-lanes wide with very dangerous and narrow curves. The road is so poor that there are only five roads in the Nation with more death's per mile. Since the highway facilities are inadequate, the Dixie Bee Highway Federation has actively promoted the development of the major four-lane thoroughfare. Some sections of the highway have been completed. Other sections are presently being funded with construction anticipated in the very near future. Other parts of the highway remain unfunded. Many of the people interviewed indicated that the development district was of primary importance in pushing through the development of the highway. Although an organization existed for the development of the highway it was necessary for extra impetus to come from another source.

It appears that the District has reached a point for a major change in emphasis in their activities. Up to the present they have emphasized the importance of the development of the industrial park on the federal land, the importance of the access road overpass, and the importance of the development of a major highway through the District. It is very important that they focus their attention on developing local interest and involvement in their activities.

One of the major sources of income in the District is from a single individual. The effect of the concentration of wealth in a single individual has several implications. The citizens in the area appear to rely on this source of wealth to prevent them from reaching a very low level of development. The wealth has financed major philanthropic activities in the District. Among these are partial funding for the development of the Civic Center, providing funding to Indiana State University, and providing funding to the CAP organization, among others.

Another factor contributing to development are the educational facilities which are available in the District. Most of these facilities are on the campus of Indiana State University which is a rapidly growing institution with an enrollment of about 14,000. There has been considerable development around the University area. The development tends to provide a strong contract between the new and the old areas. For example, the urban renewal program has resulted in a new hospital facility being constructed in a blighted area.

Selected Interviews

Interview #1

Mr. Forest Sherer is the Vice President of the Board of Directors of the West Central Indiana Economic Development District and he is also on the Executive Committee of the District. His involvement in the local business community is quite extensive. He is on the Board of Directors for a local bank and he is the owner of one of the major local insurance firms. He was extremely active in the formation of the CAP organization and in the formation of the District. Mr. Sherer was very optimistic concerning the potential of the development district. He felt that it had the support of the local business community and that it was serving an important function in the development of the area. He feels the director and the assistant director are technically competent and are doing a commendable job in promoting the industrial park, the access road, and the highway.

Interview #2

Mr. Don Foltz is an associate of Hulman Company. Mr. Foltz's background includes serving as the majority leader under the previous administration in the State of Indiana's legislature. He has been involved in state politics in Indiana for a considerable period of time. He is presently the Chairman of the Board of Directors of the District and his arrangements with his employer permit him to spend a great deal of time on District activities. Virtually everyone interviewed indicated that Mr. Foltz is an asset to the District. They feel he will serve an important part in developing the District as a viable institution.

The main point brought out by Mr. Foltz was he clearly recognizes the problems involved in developing a new institution. He indicated that the future for the District is bright and that the staff is capable of providing the guidance to promote growth and development in the District. He described

the broad goals as drawing new industry into the area, as providing additional jobs for the unemployed in the District, and as raising per capita income in the District.

Interview #3

Mr. George Gettinger is a representative of the Wabash Valley Interstate Commission. The Commission is concerned with economic development in the Wabash Valley. Its area of jurisdiction includes parts of Indiana and Illinois. Mr. Gettinger indicated that he had a very good working relationship with the District. He felt that ultimately the development district would have to include the Illinois counties. He felt there was enough economic interaction between the Indiana and Illinois counties that in order for the District to be properly defined it would have to cross State lines. He feels Mr. Cornelison and Mr. Dooley are excellent staff members. He stressed the importance of the District as the medium through which the local governments and interested parties from the business community could meet and discuss their problems and consider solutions.

Interview #4

Mr. Jim Dresseler is the reporter for the local newspaper who covers all of the activities of the development district. He feels that the District is providing planning expertise and leadership to Terre Haute and the surrounding counties. He indicated that this leadership would not be forthcoming if the District were not to exist. He felt that the State of Indiana was particularly backward with regard to development. As a result, the development district itself does not have the legal status that is enjoyed by many development districts in most other states. He was quite enthusiastic about the effectiveness of the District in promoting development. He indicated that he would do everything possible to provide publicity and to increase the exposure of the District to the local community.

Interview #5

Mr. Virgil Morris is Secretary-Treasurer of the State of Indiana, District 57, Indiana Laborers and Mail Carriers. He represents the labor unions of the area and has developed support for the District from the labor unions. This is interesting because the labor unions and the local business community have combined their efforts to provide the local share of the funds. The labor unions were the first to contribute a sizable portion of the funds to finance the CAP. Mr. Cornelison explained that the labor union's interest in development is long standing.

Mr. Morris indicated that he felt that the District was useful because it was providing a forum for the exchange of ideas which would not exist without the District. He felt that if the overpass were completed and the industrial park on the old military property were developed, the District would gain added support and prestige among the citizens. He felt the future prospects for the District were bright.

Interview #6

Mr. Lew Taylor is the Executive Vice President of the Chamber of Commerce of Terre Haute. The interview with Mr. Taylor provided an interesting contrast to all the previous interviews. His observations on the operation of the District were, by his own admission, biased by the competition which the District provided to his office. The local business community has donated about \$90,000 to fund CAP and the District in their operation. Mr. Taylor felt that these funds should have been channeled through the Chamber of Commerce since they already have the staff for providing the same services. He felt that a great deal of the activity of the District depended very heavily upon his own efforts because the District had frequently to call upon him for statistics and for information which he had collected. Mr. Taylor felt that the legitimacy of the District is seriously in question because it does not command very much popular support. In addition, he felt that the measure of the support of an activity was the extent to which local communities would be willing to assist in funding. Since there is no funding coming to the District from the five counties, he felt that the support from those counties was minimal. He felt that the District was leaning too heavily on the power structure and not depending heavily enough on the local citizens in the District.

Everyone who was interviewed was an older individual with the exception of Mr. Dressler and Mr. Taylor. Everyone interviewed seemed to be near or past retirement age. If these are the individuals to which the community turns in order to have its problems solved, during the next five years there will be a serious lack of top level decision makers and community leaders. Another possibility is that the development district may not be working with the younger people in the community.

CONCLUSION

One of the fundamental problems of the District is to develop motivation among citizens in the District. Another major problem is that the District is having a very difficult time in establishing their legitimacy

due to the fact that the State does not recognize the districts. The District has served a useful purpose by promoting the industrial park, the access road, and the highway.

- (1) The District staff should seek more active participation of the counties, municipalities and towns located in the District.
- (2) The CAP has served to provide the basis for forming the District, but the District should break all ties with the CAP so the local citizens do not view it as an extension of CAP. Otherwise they will feel that the CAP continues to control for District activities.
- (3) There appeared to be very little involvement in District activities by the Black members of the community.
- (4) Redevelopment counties were not stressed as targets for district activity.
- (5) The District should include adjacent counties in Illinois which appear to share common problems and a common trade area with the District.

LINCOLN TRAIL ECONOMIC DEVELOPMENT DISTRICT

The Lincoln Trail Economic Development District was designated on May 28, 1969. The District is composed of eight counties in West Central Kentucky. The topography consists of the coal fields in the western portion of the district, the Blue Grass region in the eastern portion of the district, and the Knobs region in the central part of the district. The balance of the district is composed of a fairly rich soil suitable for general agriculture. The most important element of the economic base of the region is provided by agriculture activities in general crops and livestock. The second most important element is from federal government expenditures on military payroll and civilian employees on the Fort Knox military base. The base is centrally located in the district, thus it affects all sections of the district equally. In addition, to agriculture and the federal government, there is some manufacturing in the District and some income is generated by tourism and outdoor recreation.

Most of the counties in the district are influenced by the concentration of economic activity in Louisville to the north and by Fort Knox in the center of the district. Some of the eastern counties in the District have weak economic ties to Lexington, Kentucky, which is located outside and east of the district. The western counties of the District are not influenced by any economic or wealth concentration to the west. The transportation facilities of the District appear to be quite well developed. There are several railroads passing through Elizabethtown, the growth center, and spur lines are available for industrial development. In addition, the Interstate highway system is well developed for purposes of serving the District. The District is bisected North and South by the Blue Grass Kentucky Parkway and is bisected East and West by Interstate 65. These two major freeways provide adequate access to virtually all the counties in the District.

Staff

The staff consists of the Director, Assistant Director, a Planner and two secretaries. The Director, Mr. James L. Peel, has served in the state government as Deputy Commissioner of Child Welfare, Director of the State Office of Economic Opportunity, and as Director of the Budget for the State of Kentucky. He holds an M.B.A. from the University of Kentucky.

The Assistant Director was previously with the Kentucky Department of Commerce in the research division. He earned a B.S. from Western Kentucky University in 1965. The staff planner has a Master's degree in planning from the University of Kentucky. His previous experience was with the Kentucky Department of Commerce in the Division of Planning and Development.

The staff appears to be competent in their areas of specialization and they relate well to the local community members. Their rapport with the local communities is continuing to grow. A good deal of the credit for this rapport must be attributed to the Director whose knowledge of the operation of the local, state, and federal political mechanisms is a valuable asset to the District. In addition, his previous experience in the state government makes him a reasonably well known figure to the members of the local political structure. Mr. Peel is a member of the out-of-power party. When the party returns to power it seems likely that he will return to a high state post. If the district becomes too dependent upon him for their rapport then his loss could seriously cripple the planning and development activities. Thus, it seems of the utmost importance that the junior members of the staff continue to develop their ability to deal with the local citizens. Two things emerge as important considerations for district staff. The staff should have long term continuity, and all staff members should be trained to deal with the local community members.

Organization

The Lincoln Trail Economic Development District has a well developed organizational structure which includes six different committees serving under the Chairman of the Board. Among these committees are the Communities Services Committee, the Transportation Committee, the Human Resource Committee, the Business and Industrial Development Committee, the Lincoln Trail Regional Crime Council, and the Tourism and Recreational Committee. Some of these committees are effective in making project recommendations to the Board of Directors and others are not. The Urban Services Committee was pointed out as an especially effective committee and the Tourism and Recreation Committee was pointed out as the one that was least effective. For example, in a recent Board of Directors meeting, Mr. Lawrence Hughes, Chairman of the Urban Services Committee, reported that the committee had reviewed the following projects:

Radcliff Sanitary Sewerage Improvement Project. Radcliff has attracted a new industry which will create 300 new jobs. They have also formed an Industrial Foundation which will help in attracting other new industries. Radcliff must supply community facilities to serve the existing new plant in Radcliff and also future plants which they hope to attract. In accordance with Bureau of the Budget Circular No. A-95 and Executive Order No. 69-653, the City of Radcliff has requested review by the Lincoln Trail EDD of the Radcliff Sanitary Sewerage Improvement Project. This project includes: (1) Expansion by $\frac{1}{2}$ million gallon per day secondary treatment plant; (2) construction of a new 10 acre lagoon; and (3) collector alliances which will replace 51 unijects with lift stations. Justification for the above project is the location in Radcliff of the new Control Data Corporation which will provide 300 jobs, and the Radcliff Industrial Foundation industrial property of 150 acres. Radcliff is also located in the District's Growth Center. Project cost will be \$521,000. The monies will be provided as follows: \$42,615, or 1/3 of the cost of expanding the treatment plant, coming from a Federal Water Pollution Control Administration Grant; \$216,885, or 50% of the cost less above grant, coming from an

Economic Development Administration Grant; and \$260,500, or 50 percent of total cost, coming from a sewerage Revenue Bond issue by the City of Radcliff.

The Urban Services Committee endorsed this project and recommended approval of the Board.

Mr. Hughes moved that the Board approve and endorse the Radcliff Sewer Improvement Project as described. My. Claycomb seconded. Discussion was held on the motion and the motion passed.

Flaget Memorial Hospital Facilities Expansion Project. The Flaget Memorial Hospital in Bardstown has undertaken to expand its hospital facilities. In order to facilitate the inclusion of this project in the State Hospital Facilities Plan and thus be eligible for Federal assistance, the project has been submitted for review by the Lincoln Trail DD. The proposed building project will provide the hospital with a 49 bed capacity, an increase of 10 beds; improved emergency room facilities; improved medical records department; cardiac and intensive care facilities; expanded X-ray facilities; modernized delivery room and obstetrical care; and many other improvements which will enable the hospital to provide better medical care. Justification for the project is based on the fact that currently the hospital has 39 beds, but only 20 beds meet Federal standards. The national average in 1964 was 113 people per hospital bed or 8.8 beds per 1,000 population. The ratio in Nelson County and Bardstown is 1.7 beds per 1,000 population. The project cost is \$990,000 which will be financed as follows: \$150,000 donations from community; \$341,700 from borrowed funds; \$168,300 from depreciation fund; and \$330,000 from a Hill-Burton Grant.

The Urban Services Committee endorsed this project and recommended approval of the Board.

Mr. Hughes moved that the Board approve and endorse the application of the Flaget Memorial Hospital in Bardstown for Hill-Burton funding. Mr. Claycomb seconded and the motion passed.

Grayson County War Memorial Hospital Facilities Expansion. The Grayson County War Memorial Hospital in Leitchfield plans to submit an application for Federal Funds to build a new hospital. There is a drastic shortage of beds at this hospital. Presently, the War Memorial Hospital has a 40 bed capacity while the county has a demonstrated need for at least 100 beds. There will be a bond issue on the election ballot this fall in Grayson County to provide the money needed to match the Hill-Burton Grant.

The Urban Services Committee endorsed this project and recommended approval by the Board.

Mr. Hughes made a motion that the Board approve and endorse the Grayson County War Memorial Hospital application for Hill-Burton funding. Mr. Claycomb seconded, discussion was held on the motion and it was passed.*

The clear and concise presentation by the committee chairman, and the detail to which the committee reviewed the project reflects the effectiveness of the committee in the district organization.

The Tourism and Recreation Committee seemed to be unable to find anything to talk about when they had a meeting. The suggestion which arose during the most recent meeting was that separate committees on tourism and recreation should be set up because when one group of individuals on the committee was talking about tourism the individuals on the committee who were concerned with recreation were not interested in what was being discussed. It seems likely that the reason for this is that tourism deals with those projects which are likely to be useful to individuals coming into the state or into the district from outside on a vacation while the recreation projects are most likely to be of interest to the local population because they will be providing facilities used by the local citizens. A solution to the problem would be to divide the Committee into two parts, one dealing exclusively with tourism the other dealing exclusively with recreation.

The District operates as a corporation and the executive director and his assistants operate in a staff position within the structure of the District. The main line of power is from the Board of Directors to the Executive Committee to the Chairman of the Board. From the Chairman of the Board power is vested in the separate committees. The staff of the District operates in an advisory capacity at all levels in the District organization including committees. At a meeting of the Board of Directors the first portion of the meeting involved the committees meeting separately. This discussed issues related to the committee's scope and developed resolutions to be presented to the Board of Directors. There followed a general meeting of the Board of Directors at which the executive director gave his report on the status of the District. Then each of the committees gave a separate report on their activities. These committees asked the Board of Directors to vote upon resolutions which they presented. All of the resolutions were debated and finally approved.

There were several citizens who were not members of the Board of Directors who attended the meeting. These individuals were permitted to raise issues, to discuss points of contention, and to ask questions of committee members and of the executive director as the meeting progressed. The only limitation on their activities was that they did not have the right to vote on resolutions. There was a significant amount of debate by citizens who were not members of the Board of Directors.

* Transcribed from the Minutes of the Board of Directors Meeting on March 11, 1970.

The Black community is represented on the Board of Directors, but it appears that in general it is somewhat dissociated from development in the District. A drive through one of the Black communities revealed unbelievably poor housing conditions one-half a mile from the center of Elizabethtown. The director of the District indicated that this particular housing was given a very high priority for cleanup and for replacement with some other type of housing.

Funding

The funding of the District is not complicated. The federal share is \$48,000 of the district's funds and approximately \$18,000 is the local contribution. Of the \$18,000 local contribution, \$6,000 of it is in-kind and \$12,000 of it is the local cash contribution.

Description

One of the most impressive features about the Lincoln Trail Economic Development District is the extent to which the local government officials have begun to work together in problem solving. At least one person interviewed attributed this phenomenon to a well developed sense of political awareness among the local people (i.e., they are familiar with committee and council procedures). They may be working together well because they realize that there is no other way they are going to be able to develop their communities to get them back into the mainstream of economic activity.

The relationship between the District and Fort Knox, is interesting. Fort Knox provides one of the main sources of incomes for the surrounding communities. Even though it is one of the main sources of income for the District, it was not represented on the Board of Directors. The Director explained to me that there is some interchange between the local political community and the leadership at Fort Knox. It would seem, however, that it would be to the advantage of the District to request Fort Knox to send a representative to the Board meetings of the District to represent the administration of Fort Knox and perhaps integrate the activities of the military reservation into the economic activities of the District as a whole.

The activities of the District are directed toward developing local support of the District. To accomplish this the staff of the District stands ready to respond to any request for assistance from any community in the area. However, the staff does not feel that it is their obligation nor is it their most effective way of operation to go out to local communities and try to sell them on district activities. They feel it is up to the communities to recognize their need for some form of planning or some special development activities and then to call upon the District for the technical assistance necessary. An

example of the community calling on the District to find out what they do and to see if there is any possible assistance that the District can render to the community was provided by the community of Brandenburg, Kentucky. This community along with another community in the southern part of the District were the only communities which were not fully participating in the District. The community of Brandenburg recognized the need for some planning for growth and development and had begun to reform the Chamber of Commerce on their own. The Chamber had previously been chartered but had been inactive for a considerable period of time. During the second meeting of the committee for rechartering, the Development District was called upon to send some staff to the meeting to explain the activities of the District. They were asked to explain how these activities might bear on the local chamber's activities. Mr. Peel, Mr. Matheny, and the Battelle field representative attended the meeting. At this meeting, the general problems of chartering an organization and the proper methods for chartering within the existing political framework were discussed. The director of the Development District then explained the activities of the District and how these activities might bear on some of the local problems.

In general, the communities are not interested in working with the District until they perceive a situation with which they feel they will be unable to cope. In the case of Brandenburg, one of the prime factors motivating the formation of the chamber and for calling on the District was a series of problems involving the local water supply.

The District staff members were quick to point out that projects which are needed in the early stages of development are frequently not projects which fit into an overall master plan for the District. The selection of projects in the formative stages of the District is usually accomplished by polling the local population to find out what the needs are and writing these projects into the District plan. The reason that the project activity is undertaken in this fashion is that for a district to be effective it needs early exposure to the local population in the form of highly visible projects. The staff suggests that the District must do something for the local population to show that the District can service their needs. Therefore, in the early stages, the District responds to the local population's requests. The District does not promote projects which the District, in its planning capacity, has decided are the proper projects for the area.

Another point which was made by the District's staff was that they felt that the time spent preparing the OEDP could have been more effectively spent in cultivating local support and local involvement. The writing of the OEDP was a very time consuming chore which involved spending a great deal of time in the office. This time was spent, primarily, in compiling existing statistics in another format and in rewriting in response to the Washington office's review and criticism. It was suggested that the time spent in the office preparing the OEDP would have been more useful for

the District if it had been spent meeting local political leaders, speaking to local citizens groups or attending meetings of various groups interested in planning and development. The staff felt that writing the OEDP was a duplication of existing material and an unwise use of time and funds.

The District staff felt that among all federal agencies, EDA was the best one with which to work. The level of paper work and the amount of restriction placed on their activity was considered to be much less than for projects funded by other agencies. This suggests that EDA should continue to operate with few restrictions placed on the District regarding how it should conduct its' affairs. It seems that a logical reaction on the part of the Washington office would be to feel that as they gain experience in the program they will obtain a better concept of how the District program ought to be operated.

As long as such "understanding" is not reflected in more stringent requirements on how the funds be used by the District it will not be harmful to the program. But if such "understanding" results in EDA dictating more precisely how the districts should operate, the effect will be to reduce the ability of the district offices to adapt their programs to the existing social, political, and economic environment.

One of the stigmas which the district offices must shed, in order to be effective, is the stigma of being a "federal government" office. As long as the offices have flexibility in the use of their funds they can usually operate detached from detailed government rules and regulations so they can shed this stigma (it appears this is more difficult in the southern districts than in the northern districts). The flexibility offered the district offices is a valuable asset to the EDA program which should be preserved.

At the present time, morale is apparently high in the Lincoln Trail Economic Development District office. The District staff regards the Washington offices with a reasonable measure of respect and feels that Washington provides at least some initial guidance which is useful. There is a potential for disaffection and disregard for Washington, and the regional offices. It appears that this would come about if the district office felt Washington was useless and if they felt Washington or the Region was becoming too petty in requests for information or follow-up on project applications. This observation pervaded all of the Districts visited.

A suggestion by the staff of this district was that it would be extremely useful to the District to have a fund set aside which could be used as an emergency fund for hiring planning consultants. The consultants would be hired to consider specific problems requiring immediate attention. During a year's time, many problems arise which are of an immediate nature. As a result the staff either must drop some ongoing activity or else they must neglect the problem. Their time and efforts are budgeted among different studies and projects for a year at a time. Thus there is no easy way to deal with an unanticipated problem.

However, if such problems were very harmful to the activities of a district, time and money could be allocated to respond to these emergencies as they arose. It appears that this was really a veiled request simply for more funds. The District would be better off with a simple addition to the planning grant. The earmarking of funds to be used for a special set of circumstances restricts the activities of the district more than the simple additional allocation which the District may use, however they see fit.

Goals

The Board of Directors view the basic problem as one of obtaining more funds to provide the hardware for development in the District. For example, the Board members are extremely interested in obtaining a new jumbo jet airport within the District and in developing other transportation facilities. They are also interested in obtaining new public works projects, especially to water supply systems and sewer systems. The Board is concerned that the District help plan the criminal justice system and help them develop an adequate health care system in the area. The community members who were interviewed concurred with the position of the Board of Directors concerning the specific problems of the district.

One major discrepancy between the interest of the Board of Directors and the observed status of the community was in the field of housing where the Black community has extremely substandard housing. It seems that housing would be a very high priority item in terms of the necessary development in the District but the Board exhibited no overriding interest in developing new housing.

The District office officially adopts the Board's goals. However, their operational goal is to insure the existence of the District by demonstrating its' usefulness to the members. The discrepancy between goals does not reflect poorly on the District office. One might use a military analogy where the Board and the District office have the same strategic goals of growth and development but the tactical goals of each are different. The District office appears interested in organizational tactics while the Board is interested in project promotion as a tactic.

Both the staff and the community viewed the role of the staff to be that of providing a coordinating service for bringing together the diverse interest groups which might be concerned with economic development in the area. The staff was to serve as a focal point for economic development activities, to act as a clearing house mechanism for funding flowing into the area, and to act as reviewer and promoter of potential projects which were suggested by different community groups. This role conception appeared consistent with overall growth and development strategy. The District staff explained that it would take approximately ten years for the District to have full established its legitimacy and thus, its ability to effectively guide the planning and development process. At this point, measurable payoffs in the forms of increased levels of income and increased levels of employment in the District would be likely to be in evidence.

Constraints

There are two fundamental constraints faced by the Lincoln Trail staff. They are not significantly different from the constraints faced by any other district. First, the staff is constrained by the level of planning support funds. They need more money in order to be able to go beyond the coordinating and advising function and to become a planning agency. Planning must include action and unless the District gains some measure of control over action money they will never be effective planners. The problem becomes one of allowing the district to decide how to spend money on projects in the area.

The concept that diverse interest groups will work together if they must decide on how to divide funds among them is a sound concept. However, the EDA planning grants program results in the establishment of a formal structure to conform to regulations so the District members can apply for funds. The District offices and Board cannot operate as effective decision-makers until they actually have some substantive decisions to make. One suggestion for this is to provide a block grant to the District or set up a yearly fund of a fixed number of dollars for the District to allocate among projects.

Another constraint is introduced by the slow rate at which the local population is capable of recognizing the usefulness of the planning and development activities of the District. In general, the District appears to be making progress both in its ability to obtain funds and in developing its' legitimacy as the agency responsible for development in the area.

Selected Interviews

The interviews presented below provide further insight into the effectiveness of the district. Those interviewed were:

- (1) Mr. Rual Layman, member of the Crime Commission and a local parole officer
- (2) Mrs. Thelma Chelf, Welfare Supervisor of a three county area
- (3) Mr. Lawrence Hughes, Chairman of the Communities Services Committee
- (4) Mr. Mark Zierten of the Kentucky Planning and Development Office

Interview #1. Mr. Rual Layman, a member of the Crime Commission, indicated that originally he had a great deal of reservation about the

operations of the District in the local community. He felt that they were interfering by trying to tell the community how to plan and by telling them how to run their affairs. He indicated he and some of his fellow community members were extremely resentful of the method of operation of the District staff at the second meeting of the local Crime Commission. During the first meeting the Committee had developed a plan for operating the Crime Commission. At the second meeting, the Director of the District spoke to them concerning their plans and explained why most of their plans would not be effective. He suggested alternative forms of organization and alternative plans of action. Due to the inexperience of the Crime Commission they had made many mistakes. At first the Commission was resentful of the District interference, but at subsequent meetings, the individuals on the committee found that the Executive Director had been correct in his assessment of their plans. Ultimately his suggestions saved them a considerable amount of time and effort. Mr. Layman and his fellow citizens have since developed a great deal of respect for the District staff and its abilities. Nevertheless, if they feel that there are any activities of the District with which they do not agree, they do not hesitate to voice their opinion.

In many economic development districts the Crime Commission activities are directly under the control of the development district itself. This is not the case in the Lincoln Trail Development District and there is some feeling among the District staff that these activities should be undertaken by the District. Apparently there is some conflict between the District's goals and objectives and the Crime Commission's goals and objectives in this particular instance. The interviewer was unable to discover the specific conflict of goals and objectives. Disagreement may simply come about because the District office feels it should have control or be responsible for all planning activity in the eight county area.

Mr. Layman continued to explain that he felt that the activities of the District staff were valuable to the area, and that the District did provide a focal point for activities which would not have come about if the District had not been funded. In addition, he pointed out that the expertise available in the District office was something which the local communities could not afford by themselves.

Mr. Layman indicated that he did not feel that there was an extreme lack of employment opportunities for individuals who were released on parole. But he did indicate that he felt that their lack of skills simply did not allow them to take advantage of the existing opportunities. In addition, he felt there was a great deal of competition from outside the District for new jobs which developed in the eight county area. As new jobs or areas of employment may develop they are frequently taken by individuals who had previously moved to another town or city and learned the requisite skills. With the advent of the new employment opportunity they were able to return and compete very effectively with the existing labor force for the job.

This is a classical example of the basic problem in providing jobs for hard core unemployed. It suggests that any new jobs created should be either specifically designed for the unemployed in the region or that the jobs should not be so attractive (in terms of working conditions or pay) that they draw back those who previously out-migrated. EDA activities do not, in general, address this particular issue.

Interview #2. Mrs. Thelma Chelf is the Welfare Supervisor of a three-county area which is included in the Lincoln Trail Economic Development District. It was Mrs. Chelf's opinion that when Mr. Peel was the Deputy Commissioner of Child Welfare for the State of Kentucky, he did an exceptionally fine job in that capacity. She felt that the Child Welfare Program was enhanced by his enthusiasm for the job and his competence in administration.

The District office does not work closely with the state welfare department. To the extent that the District office's efforts were not directed toward the very poor, she felt that the development District had very little bearing on her activities. In general, however, she indicated that she felt the District was serving a useful function to the extent that it operated to draw various local individuals together to discuss their mutual interest in finding solutions to their problems.

This interview indicated that the District staff is not directing its efforts toward a particular population. By refusing to restrict activities to a specific target population (i.e., the Blacks) the District maintains the flexibility to direct activities into those areas where they will experience the greatest growth and development return per dollar spent. The interview also provided further evidence concerning the competence of the Director.

Interview #3. Mr. Lawrence Hughes is the Chairman of the Community Services Committee for the Lincoln Trail Economic Development District. He indicated that the Development District was valuable for purposes of promoting industrial development and for purposes of gathering together local individuals to assess their mutual problems. He felt very strongly that the development activities in the District would not have taken place had the District never been formed. On the other hand, he indicated that the level of support for the District in the area in terms of local participation and local enthusiasm was very high. The evidence which he offered to support this contention was the ease with which the District was able to raise the local contribution for the funding. He indicates that if local support for the District continued to develop at its' present rate, in the near future the District could be funded entirely by local funds if the federal funds were to disappear. He was not willing to indicate the number of years before total local support would be forthcoming.

This interview pointed out the major accomplishment of the District. That is, bringing together persons with diverse political views, and interests in meetings to consider problems concerning them all and to consider methods of combining their efforts for a mutual solution.

Interview #4. Mr. Mark Ziartin works for the Kentucky Planning and Development Office in Lexington, Kentucky. He attended the March 11, 1970 meeting of the Board of Directors of the Lincoln Trail Economic Development District. Mr. Ziartin indicated that there were no overlapping activities between the Development District and the Kentucky Planning and Development Office. The Kentucky Planning and Development Office offers planning and

technical expertise but does not generally make contacts with the local people in order to promote economic development. The KPDO also operates as a monitoring office for projects which are undertaken by Spindle Top Research Incorporated. This bears on the District activities to the extent that the District contracts with the State of Kentucky to have certain research projects undertaken. The State of Kentucky in turn contracts the research to Spindle Top Incorporated. He suggested that, in general, the KPDO activities operate as a compliment to the District activities rather than operating as a substitute. Some districts visited were in direct competition with state or municipal planning agencies. This points out the value of the flexibility allowed the District to operate as they wish in response to the local situation. If they were restricted in their use of funds to operate only as planning coordinators, in the case of Lincoln Trail, they would be forced to duplicate a state program. Instead the use of the funds is flexible enough to permit them to develop a more action oriented program.

Conclusions

The major accomplishment of the District is that they are now recognized as the agency responsible for planning and development activities for the eight county region. The funding of the District is justified both on the basis of the technical assistance which they offer the counties and by virtue of the coordinating function they perform for the counties. The major point raised in the course of the field visit were:

- (1) The District must have some early successes in order to elicit the support of the member counties.
- (2) The participating counties are enthusiastic. They are concerned with details regarding potential projects.
- (3) Fort Knox should be represented in District activities.
- (4) Communities participate when they believe there will be a tangible return for participation.
- (5) The flexibility allowed the District is one of the most desirable features of the EDA program.
- (6) The OEDP is of little value to the District.

THE CAPITAL (LOUISIANA) ECONOMIC DEVELOPMENT DISTRICT

The Capital Economic Development District was formally established in May of 1968. Its offices are located in Baton Rouge, Louisiana, the growth center for the District that consists of a group of parishes extending in all directions except North from East Baton Rouge Parish.

Background

Staff

The Executive Director of the District is Mr. Eugene L. Wallace, Jr. He is a native of the state and holds both a B.A. and a law degree from Tulane. His involvement with the district program began while he was working for the Louisiana Department of Commerce and Industry. During that period he helped to draw up the originally proposed district lines in Louisiana (subsequently rejected by EDA) and to stimulate the formation of districts. He still maintains very close liason with the Department of Commerce and Industry. From the state Mr. Wallace went to a firm of bond attorneys in New Orleans, where he increased his familiarity with local government problems in Louisiana.

The Assistant Director is also a veteran (12 years) of the state government and is a long time resident of the District. He has extensive background in area development (both foreign and domestic) and has spent considerable time as a planning consultant. The research analyst, Clark Forrest, is a native of the Western portions of the District and a recent college graduate.

District Composition

The Capital District was originally organized on the basis of ten parishes, but two of the parishes have, as yet, not come into the District for reasons to be noted later. The nonparticipation of these parishes, which are located at the northern most part of the District, does not destroy the economic homogeneity of the District. The District lies generally north of Lake Pontchartrain and straddles the Mississippi River, with most of the District lying to the East of the River. The parishes constituting the District are Ascension, East Baton Rouge, Iberville, Livingstone, Pointe Coupee, Tangipahoa, St. Helena, and West Baton Rouge. The parishes of East Feliciana and West Feliciana are those that have chosen not to participate in the District at this time.

With the exception of some high ground in the Northern part of the District, the District consists primarily of low lying land that, but for a levy system, would be a part of the flood plain periodically occupied by the waters of the Mississippi River. The District has a population of roughly half a million persons. The primary economic activities in the District are government (Baton Rouge, the capital of Louisiana, is the growth center) and contract construction, as well as operation, related to the petrochemical complexes developing along the Mississippi River, and agriculture.

Committees

The District has, by comparison to other districts, a fairly active committee structure. Particular attention has been placed upon the establishment of committees in each of the redevelopment parishes to draft a parish overall economic development plan. The District staff members have been active in encouraging the development of these committees and in assisting in the drafting of these plans.* During the study, a Battelle staff member met with one of these parish committees and found that it was proceeding on the basis of local leadership to address some of the problems of development. Currently, for example, the committee is examining the problem of unemployment by querying the local petrochemical firms about labor demand data and at the same time seeking to work with the school system to provide a labor supply reasonably consistent with the demand.

Many of the persons active in district affairs are direct or indirect federal employees--a situation that is not too surprising because the District is headquartered in the state capital. This participation is particularly noticable by employees of the Department of Agriculture.

The black community is represented in district affairs, as required by EDA guidance, although the importance of this representation on the committees and board is limited by the lack of importance of the board and committees themselves in the day to day decisions made by the staff of the District. Minority representation is, however, a touchy matter for the District, because the area it serves represents one of the most serious areas of racial problems in the United States. Feeling over this issue, and resentment of the federal government because of it, has been (according to the staff) the key factor in precluding participation in the District by the parishes of East and West Feliciana.

* Other districts handle the same activity by having the individual counties in effect declare adherence to the overall district OEDP.

A good indication of the problems of minority participation for the District were indicated by interviews with two graduate students who were working (as a school project) with the District to get Iberville parish to organize a committee to develop a parish OEDP. These students worked for a considerable period to get the local government officials to appoint a committee. According to them (and from all external evidence) the situation was "touch and go" as to whether the parish committee could even be formed. Given this situation, and the extremely tense racial situation in the parish (pickets, demonstrations, etc.), the graduate students with the approval of the District staff did not try to press for meaningful minority representation.

Funding

The District is funded primarily out of the EDA planning grant and the associated local sharing which is paid on a pro-rate basis by the participating parishes. The District has received law enforcement assistance funds in the past and has devoted a considerable staff effort to the preparation of a preliminary law enforcement plan for the District. Confirming the observation above, that the refusal to participate by two parishes in the District was caused by objection to federal programs generally, these two parishes also refused to become a part of the law enforcement planning effort.

Thumbnail Sketch

The Capital District provides in one location three separate economic currents. The basic economy of the areas is an agricultural one, reflecting various agricultural pursuits organized originally upon a plantation basis. The non-white population of the area (about one-third of total population) has evolved from this economy and, with the exception of urban residents of Baton Rouge, still reflects this orientation even though the economic system that gave rise to it has long passed into history. Even today one can drive along the Mississippi levees and find plantation homes and nearby tenant shacks.

The second driving force in the economy is the governmental and trade center activity taking place in Baton Rouge. Increases in state and federal activities have given Baton Rouge the signs of a growing area.

The third and quantitatively most important economic force has been the rapid industrialization of the area. Although there is limited industrialization occurring in other parishes (based upon light industry and paper production and lumber products) the primary economic development has been occurring through the development of "the petrochemical gold coast". In the words of the Baton Rouge Chamber of Commerce, "The 90 miles of

Mississippi River bank separating the nation's second and seventh largest ports--New Orleans and Baton Rouge--is boom territory for the petrochemical industry". This area exploits the natural advantages of ocean shipping with quiet water ports, barge access to the Mississippi River and its tributaries and immense petrochemical and salt reserves in Louisiana to form the basis for a massive concentration of petrochemical industries, their suppliers and intermediate processors.

These industries form one vast interrelated complex for the production and use of such products as ethylene, lead additives for gasoline, petroleum products, chlorine and a wide variety of similar products. The immense labor requirements for the construction of these plants has made contract construction one of the area's major employers for a long time.

Specific Issues

Barriers to Economic Development

Although the District's OEDP cites all of the customary barriers to economic development (e.g., education of labor force, lack of industry) the primary barrier to further economic development in the Capital District appears to be an unusual one. Very little new construction is being undertaken by existing petrochemical firms and essentially no new firms have announced locations in the area, despite the economic advantages of the location and the continued availability of industrial sites along the Mississippi. One major cause of this situation appears to be the labor situation in the area and the widespread publicity that labor problems have had. Although the details are complex, it appears that outside firms have the impression (probably correct) that completing construction anywhere near scheduled time and cost would be a near impossibility until the labor environment improves. As a result contract construction employment has been dropping sharply.

The District does not appear to be in a position to do anything about this situation and has not endeavored to do so.

Relations to Other Organizations

The District staff does not seem to form a part of the industrial development community of Baton Rouge (Chamber of Commerce--utilities) except in a supporting role. On the other hand the Executive Director is active in state development work and the relationships between the state department handling industrial development and the District staff members would appear to be close.

The District staff considers itself to have a major role in working with individual potential applicants for government grants from various agencies--a role that has been fortified by clearance responsibilities under BOB Circular A-95.

Project Applications

Among Louisiana districts, the Capital District has not been strongly successful in generating successful project applications. One observer with a statewide perspective was particularly concerned that the District has not generated "enough" EDA projects for the participating communities. District staff members have devoted considerable attention to projects, but many of the projects receiving this attention have not come to fruition.

One such project involved a business loan application that seems to have run afoul of the applicant's own uncertain financial status and information and of the prospect that the business activity would take place regardless of whether or not the loan was made. Another activity that ultimately did not result in a successful project involved a potential nursing home that ran afoul of local medical politics in the parish in which it was to be constructed. The District was engaged in a project application for an access road for a new carbon black facility, although it would seem that the location of the facility in the District was in no way dependent upon the funding of the access road.

The District conceives a role in project applications that consists of the formulation of some projects and involvement in others as providing background data and work to improve the quality of project applications.

The OEDP

The District's OEDP is clearly a competently prepared document that seems to have an accurate appraisal of the economic problems facing the District. At the same time the OEDP does not really serve to set priorities in development strategy or project applications, as the staff finds it difficult to turn down any potential project applications that have a real probability of funding.

Control of the District

As was discovered by Battelle interviewers in other districts, the effective leadership of the District is lodged in the professional staff. The board serves in a fashion similar to corporate boards with primary emphasis

on reviewing the actions and recommendations of the staff rather than serving as the effective decision making unit in the District.

Summary Comment

The Capital Economic Development District contrasts with many of the other districts studied primarily in the orientation of the staff toward district planning functions. Considerably more emphasis was placed upon the quality of the OEDP and upon the law enforcement planning function than in some other districts. This probably reflects, in part, the fact that the staff is more skilled in the planning process and in writing than the staff members of some other districts. By contrast, however, the District tended to be less explicitly devoted to grantsmanship and less directly concerned with project applications than other districts; some of which considered the OEDP only as a necessary evil rather than a desired output from the District.

NORTH DELTA ECONOMIC DEVELOPMENT DISTRICT

The North Delta Economic Development District has been staffed since October, 1968, and was officially designated in July, 1969. The District consists of 11 parishes and a growth center including Monroe and West Monroe, Louisiana. The population of the growth center is about 100,000 people. Of the 11 parishes in the District, seven are classified redevelopment areas. The District is located in the northeastern part of Louisiana bordered on the East by the Mississippi River and on the North by the Arkansas state line. The majority of the terrain in the District is flat Mississippi flood plain while in the Western part are some rolling hills covered with forests. The natural resources available in the District are petroleum, natural gas, timber, soil, sand and gravel, and water.

Agriculture represents the main factor contributing to the economic base of the District. The agricultural land is rich, moist soil in extremely large and flat fields. One of the major problems of the District has been the displacement of agricultural workers by modern mechanized agricultural techniques. Most of the recent development of the area, which began prior to the formation of the development District, has taken place in the growth center. The result has been an intensification of the disparity in incomes between the growth center and the adjoining rural parishes. Another factor contributing to the economic base of the District is tourism. The North Delta area is rich in the resources necessary for developing tourism based on hunting and fishing.

The focus of activities of the North Delta District has been on rural economic development. The fact that most of the project activity has taken place outside the growth center is evidence of this. The rural orientation has developed in response to two local contingencies. First, the planning staff of the growth center was engaging in development research and planning activities before the formation of the District. The planners for the growth center need no incentive to plan for development. Secondly, there is a local conflict between the administration of the growth center and the administration of the parishes. Although there is a conflict between the two it does not appear to have a serious effect on the effectiveness of the District. Instead, it allows the District to concentrate its efforts on the rural areas. Thus, they can promote planning and development in those areas where it is needed most. Meanwhile, the growth center continues to engage in its own planning and research activities for the development of the growth center itself.

Staff

The staff of the North Delta Economic Development District consists of a director, an assistant director, a research analyst, and a secretary. Their office is shared by the law enforcement planning group consisting of a planner and secretary. The staff appears to be competent and conscientious in their work. They appear to be quite interested in development and have established very good rapport with the local police juries.

Organization

The members of the Board of Directors include one police juror from each parish and an appointed member from each parish. The mayor of the growth center, Monroe, is represented and there are six Black members of the community represented.

The Board of Directors has been divided into subcommittees on agriculture, budget and finance, governmental liaison, highway and transportation, industrial, municipal and public relations and publicity. Currently the activity of the District does not appear to revolve around the committee structure. In several ways, they helped the District office become familiar with important and influential people in each of the parishes; they helped educate people about development problems and potentials; and they provided an excellent vehicle for convincing the citizens the usefulness of district and county-wide planning.

Funding

The annual budget of the District consists of 75 percent federal and 25 percent local funds. The total federal support is about \$50,000. The District feels that if the Department of Justice had not funded the law enforcement program, it would be in a much less favorable position than it presently is. The law enforcement funds were disseminated in such a fashion that small grants were awarded to virtually every community in the District. Although in many cases this was simply a token award, it represented some concrete results to the local community. These results were attributed, at least partly, to the District.

Description

The activities of the North Delta Economic Development District are typical of a very young District. Most of the efforts of the staff have been directed toward obtaining the support of the local population. Thus, the primary activities of the staff have been aimed at convincing local

citizens that research, planning, and development activities are useful to the District. Their success is indicated by the fact that the District has very good financial support outside the growth center, with all parishes contributing their share.

There have been very few projects funded for the District. They have had many projects turned back at the regional level. The District staff indicated that it is crucial for them to have some projects funded. This will firm up support of the District by the local citizens.

The District has a long history of previous development activities which for one reason or another were unsuccessful. This lack of success in related programs has led local citizens to adopt a rather skeptical view of all development activities. Considering that they have not had a significant number of projects funded, the District office has accomplished a remarkable job in obtaining the support of all the parishes in the District. However, the District office feels that unless some projects in the parishes are funded, the local citizens are likely to withdraw their support.

The District feels they are caught in a bind because the funding of projects is decided at the field office level, at the regional level and at the Washington, D.C. level. Furthermore, those projects which have passed through all channels to Washington, D.C., remain undecided upon. Thus, significant additional costs are incurred by the uncertainty caused by the inability of either the field representatives, the regional office, or Washington, D.C., to make a firm decision, either pro or con, on projects which they review.

The District is not actively engaged in locating new industries in the area. In the opinion of the District staff, a state agency in Louisiana performs this function quite adequately. The District is willing to assist in compiling statistics or other relevant materials to present to potential industrial prospects

The first stage OEDP was considered an extremely useful vehicle by which the District was able to "sell" the activities of the District to the local population. By setting up committees for each of the parishes which were to be responsible for preparing the OEDP the District felt that they had established a great deal of rapport with the local community members. The District did not spend a great deal of time in rewriting the OEDP. They accomplished this by inviting Mr. Wrigley to Monroe to view the District and to review the OEDP in detail before it was submitted to Washington. Thus, this District's experience with the OEDP is unique. Writing it was a useful exercise, and it was accepted the first time it was submitted. The second stage OEDP, is viewed as a repetition of the semi-annual reports which are submitted to Washington. The staff members did indicate that they spent a considerable amount of time in the final formulation of the OEDP. They indicated that this particular process helped them to learn the detailed statistics of the parishes in the District much more readily than if they had not written the OEDP. Nevertheless, the OEDP has virtually no impact on the activities of the District.

One parish in the District was quite alarmed at the general economic condition revealed when they compiled the parish OEDP. They have taken the

initiative in attempting to draw new firms into their parish. They are spending their own time and money to travel to firms to observe their operations and to determine whether or not there is any potential for developing the industry in the parish. As a result of their activity they have succeeded in passing a local bond issue to finance an industrial park and have drawn new industry into the area.

The District encourages participation by Black members of the community. The Vice President of the Board is Black. In several parishes the Black committee members are the most interested and active members. They attend the meetings regularly and actively participate in the planning process.

Selected Interviews

Interview #1. Mr. S. H. Walker is the owner of a Western Auto Store. He is a member of the Louisiana Department of Commerce and Industry Board and a member of the Caldwell Parish Economic Development District Committee. Mr. Walker indicated that one of the major contributions of the development district was the way in which they brought the police jurors from eleven parishes together. He felt that it was noteworthy that for the first time these eleven individuals were able to sit down together and discuss their problems.

Mr. Walker indicated that if the federal government did not soon fund some projects in the District that the parishes would become uneasy about continuing their support of the District.

He indicated that there was no conflict of activities between the Louisiana Department of Commerce and Industry Board and the District. He felt that the two organizations served to supplement each other rather than to conflict.

He indicated that the representation of the District Board ought to be more heavily weighted toward the non-political, business-oriented, community rather than toward the politically oriented police jurors. It was his feeling that the business community would be more likely to have a broad outlook and be less concerned about responding to the local constituency when a problem arose. Nevertheless, as a member of the Caldwell Parish Economic Parish he found the police jurors very cooperative. This committee was appointed by the police jurors of the parish and the jurors respected the work of the Committee. Mr. Walker's suggestion, to have fewer police jurors on the Board of Directors, did not come about as a result of a special problem in his parish.

Interview #2. Mr. Joe M. Gravelle is the President of the North Delta Board of Directors, the President of the Winnshoro Louisiana Chamber of Commerce and a local Gulf Oil distributor. One of the main issues raised by Mr. Gravelle during the interview was the problem of poor timing of the federal funding of projects. It is necessary for an applicant for a loan or a grant for part of an industrial park to have a prospective business lined up which is ready to move into the park as soon as it is completed. This however, conflicts with accepted business practice. The planning horizon for a business is typically 2 to 6 months but it frequently takes a year-and-a-half to two years before raw land

can be converted into an industrial park. Before making a decision to locate a business wants to see existing roads, sewer lines, and electrical power. If the business foresees a great deal of work before the site is ready for them to began construction, they are likely to look for another location. Thus, Mr. Gravelle argued, many businesses have been lost simply because the community did not have the site properly prepared for the business when they were ready to locate.

Mr. Gravelle was not sure that the surrounding parishes would continue their financial support unless the federal government funds some projects in the District. His general reaction to the District office and their staff was very favorable. He indicated that he felt that they were competent individuals and they offered a valuable service by providing planning and project development expertise to the parishes.

Interview #3. Mr. Thompson Clarke is District Attorney of St. Joseph, Louisiana and is closely associated with one of the manufacturing firms attempting to locate in the District. The application for the loan to assist the firm in locating in the District, according to Mr. Thompson, has been delayed unduly. The firm has not received a clear-cut statement about when they will be funded and how much they will receive. The product of the firm is modular homes. It has the potential for a world-wide market. The firm has written commitments from potential purchasers of the homes. This plant would employ between 125 and 375 people. Locating this plant in the parish will draw other firms into the area which will manufacture ancillary inputs for the production of the modular homes. These ancillary inputs are such items as kitchen cabinets, toilets, bath tubs, and wash basins. The District office has assisted in establishing the corporation which made application to the Small Business Administration for the industrial development loan. The District office indicated that the majority of the employees of the plant are likely to be from the Black community.

Interview #4. Mr. Harvey P. Grant, Jr., is executive director of the Lake Providence Port Commission and a member of the North Delta Board of Directors. The main point Mr. Grant made concerned the issue of the deleterious affects of the uncertainty introduced by the federal government by virtue of its inability to decide whether or not to fund a project. According to Mr. Grant EDA will not state specifically when they will notify the applicant of either a favorable or unfavorable action upon the application.

The Lake Providence Port Commission had an application to EDA concerning a project designed to provide drainage for an industrial park. After being notified on several occasions that the decision regarding the project was about to be made, Mr. Grant asked the decision-maker in D.C., to state specifically when the decision was going to be forthcoming. The decision-maker indicated that the project had yet to be reviewed by anyone in Washington and that it would probably take until January of 1971 before the project could expect to obtain any kind of funds. In this particular instance there was approximately one year from the time the application was submitted until the funds will be forthcoming. This is assuming the project will be funded in January, 1971. The efforts of the parish in attempting to draw new industry into the park have been stopped for a period of at least one year while EDA makes a decision. If, the decision had been made

three or four months ago not to fund the project, the Port Authority could have proceeded to explore other avenues for obtaining the funds to complete the project. Thus, the uncertainty introduced by the inability to make a decision (or to make a firm commitment about when the decision would be made) has proved extremely costly to the Port Authority.

Interview #5. Mr. George Parsons is the City Planner for Monroe, Louisiana and the Executive Director of the Council of Governments (COG). Mr. Parson's opinion of the activities of the development district were that the EDA program was engaged in a great deal of extraneous activity because the time spent on developing such things as the OEDP represents a duplication of planning activity already conducted by local planners, the city government, or other parish planners. He argued that if HUD, for example, wished to fund a project it usually requires that a complete study of the housing in a particular area be conducted. If the Department of Transportation intended to finance a project in the same area a complete and separate study of the transportation facilities would have to be conducted. If the Department of Justice intended to fund a project, a complete and separate study of the law enforcement activities would have to be conducted. He argued that the City if Monroe had conducted these studies when they developed their own long range economic development plan. But in order to qualify for federal funds, new studies, conforming to different formats would have to take place. As an example, he cited the Department of Transportation's study of traffic patterns in the city. After spending approximately \$300,000 they made some insignificant changes in the existing city transportation plan.

Mr. Parsons contended that none of the federal agencies such as the Department of Commerce, Department of Housing and Urban Development, the Department of Agriculture, etc., could emerge as the agency which was responsible for the overall plan for the region or a district. He argued that it would be necessary for a department such as the Bureau of the Budget (because it is independent and can dispassionately survey the activities of all of the different major agencies) to become the coordinator for planning and development activities of all the separate agencies of the federal government.

Mr. Parsons pointed out that the City of Monroe does not contribute to the development district. Their refusal to contribute is not because they do not have the money, but rather because they were members of a local COG whose membership does not include any of the local parish police jurors. He pointed out that the mayor of Monroe and the police jurors of Ouachita Parish have a long standing disagreement which they are presently unable to resolve.

The general thrust of Mr. Parson's comments was a plea for a more centralized system for planning activities and a move away from the fragmented planning activities which were presently taking place. He suggested that the basis for planning should be along functional lines rather than along federal department lines. It makes sense to plan for a water and sewer system, but under the present circumstances different plans for water and sewer systems may be developed for the Federal Water and Pollution Control Administration, the Economic Development Administration, the Department of Housing and Urban Development, or the Department of Agriculture. His suggestion for streamlining the process for applying to federal agencies was that any applicant should demonstrate how the project fits into an overall capital improvement budget for the relevant governmental agency, whether it be a city government, a state government, a mosquito district, a water-sewer district, or a school district.

Interview #6. Mr. Jim Williams is the Manager of the Monroe Chamber of Commerce. He felt that there was no overlapping of district activities with the activities of the Monroe Chamber of Commerce. He indicated that the District was a valuable asset to the area because it provided certain expertise which previously had not been available to many of the rural communities. He felt that one of the major accomplishments of the District was to bring the police jurors from the eleven parishes together to discuss their problems and to consider mutually agreeable solutions to the problems.

He pointed out that the disagreement between the police jurors and the City of Monroe's mayor was an unfortunate situation but that it did not significantly reduce the effectiveness of the District to the area.

Interview #7. Mr. Eugene Smith is the Manager of the West Monroe Chamber of Commerce. The major comment that Mr. Smith had with regard to the development district was to explain that he felt it was rather unfortunate that the District was unable to help develop an industrial park simply because the industrial park had been originally conceived as a profit making organization.

He indicated that he was not hesitant to ask the District to assist his staff in project related activities. He indicated that he was willing to assist the District in any endeavors in which they felt that could use the assistance of the West Monroe Chamber of Commerce.

Interview #8. Mr. Davis Bingham is the Executive Assistant to the Mayor of Monroe. Mr. Bingham is new in his position as Executive Assistant to the Mayor. He indicated that he did not feel he was in a position to comment on previous activities of the District in the area. The general thrust of the comments by Mr. Bingham was to minimize the conflict between the City of Monroe and the surrounding parishes. He indicated that he felt that it was his responsibility to serve the interest of all the population by fostering all projects useful for development and growth in the District. He indicated that as far as he was concerned, his office was open to the District and he would like to feel that the District office is open to him. He is the main link between the District and the City of Monroe.

Interview #9. Mr. Charles Edwards is the Assistant Superintendent of Education of the City of Monroe and a member of the North Delta Board of Directors. Mr. Edwards is a Black member of the community. His basic suggestion for the operation of the District was that they focus more attention on drawing in industries which could employ the Black people in the District. It was his feeling there is a need for industries which are specially oriented toward employing the Blacks. His general attitude towards the activities of the District bordered on indifference. He indicated that he did not always attend the meetings that were called and he also indicated that he felt that his voice in the District activities was not a strong voice simply because he was Black. For that reason he felt that his nonattendance did not seriously handicap the activities of the District. It was the interviewer's impression that there were other commitments that Mr. Edwards had which were more demanding on his time and which were more pressing than the Development District. He did not see the Development District as a cure for the race problems in the area.

Conclusions

The District has done an excellent job in assisting the parishes to realize that it is the responsibility of the parishes to act if they hope to move into the mainstream of economic activity. The District has been successful in convincing the eleven parishes that growth and development are more likely to be successful if they are first planned on a District-wide basis. Some of the other major conclusions are:

- (1) EDA should fund projects for the District. The District will then be able to show the parishes that they are obtaining something in return for their participation.
- (2) EDA should develop a decision-making mechanism which minimizes uncertainty concerning when an application will be approved or rejected.
- (3) The District office should have a fixed sum of money which they can use to fund any projects they wish. The efficacy of this suggestion is demonstrated by the fact that the law enforcement program obtained a grant of approximately \$30,000 which they distributed in the way they felt would be most useful. The money was distributed in such a way that virtually every law enforcement agency in the District obtained some type of a grant. The grants varied from funds for purchasing a piece of office furniture to funds for special multi-use police vans. Every law enforcement agency now considers itself a participant in the program. A similar type of funding for development districts would be very useful in establishing them as viable institutions.
- (4) The OEDP is considered useful for purposes of "selling" communities on the activities of the District but is not useful in the day-to-day decisions of the District.
- (5) The District must deal with the problem of the dichotomy between the growth center and the outlying parishes. However, this problem is not crucial to the usefulness of the District to the North Delta area.

NORTHWEST MICHIGAN ECONOMIC DEVELOPMENT DISTRICT

The Northwest Michigan Economic Development District consists of ten counties in the northwestern part of the lower Michigan peninsula. The District borders on Lake Michigan and its economic activity is influenced by the proximity to the lake. The economic base consists of tourism, agriculture (orchard crops), and some extractive industry. The growth center, Traverse City, is situated on Lake Michigan and provides the focal point for economic activity within the District. The outlying cities, such as Cadillac, Manistee, and Petosky, provide "satellite" growth centers within the District.

Staff

The District staff consists of the executive director, three planners, and two secretaries. They are competent and well qualified from previous experience in planning activities. They contend that for a district to be effective the planners must be familiar with all the programs, and must know how to go about obtaining funds for different projects. In addition, they feel it is important to know how to work within the existing political and economic framework.

The EDA field representative, Mr. Frank Miller, is relatively new on the job. He combines experience in the Office of Business Development Loans of the Department of Commerce with experience in the lumber industry. As a native of Michigan and from his experience in the lumber industry, Mr. Miller is able to relate well to the local people.

The Executive Director, Mr. Donald Goostrey, is a key figure in the operation of the Northwestern Michigan Economic Development District. The leaders of the communities in the District seek him to provide advice and guidance in their planning activities. The CAP organizations in the District were looking to the District office to provide a source of leadership and guidance for their activities. Apparently the OEO leadership is either weak or nonexistent; as a result, the CAP organizations are turning to the only organization which they feel can provide effective leadership.

The staff members are involved in planning activities on a day-to-day basis. A considerable amount of staff time is involved in meeting with groups interested in planning and development activities (i.e., County Boards of Supervisors, CAP directors, local businessmen, Great Lakes Maritime Commission, Chambers of Commerce, city managers, etc.). Research relevant to broad growth policy is undertaken by the staff. In addition, they engage in research relevant to specific functional areas (i.e., housing, health, manpower, etc.). There is no particular emphasis on a special target population. However, many of the District's activities are concerned with projects outside the growth center.

An example of the focus on functional research is a detailed study of a District-wide fire protection system. They have studied airport

facilities needs, water and sewer needs, and water terminal (marina) facilities needs of the District. The District office is presently engaged in a program to develop a Great Lakes Maritime Academy to be located in Traverse City.

Organization

The District operates with a Commission which has a representative from each county. The members of the Commission are elected by the County Board of Supervisors. The Commission operates as an executive committee for the District Council which is composed of eight members from each county. These members have been appointed by the County Board of Supervisors. The district staff is hired by the Commission to oversee the program, and to assist the Commission.

The Commission has recognized the importance of local involvement, and has stressed those activities which promote the involvement of the local people. The professionals in the District operate under the philosophy of providing technical assistance to the local communities. The staff provides assistance in planning, in recognizing problems, in finding sources of funds, and in gathering information necessary to file applications.

Funding

The budget of the Northwest Michigan Economic Development District is not complicated by multiple funding. The total budget is \$70,000 of which \$50,000 is the EDA share and \$20,000 is the local share. \$10,000 of the local share is in-kind and the remainder is the local cash contribution.

Description

The Northwest Michigan Economic Development District is in a relatively remote area, but is quite convenient for summer vacationers. The major tourism activity takes place in the summer. But recent developments such as the introduction of the ski mobile and the development of general interest in skiing have lead to an increased use of the District's recreation facilities in the wintertime. In addition, the improved air terminal facilities have provided rapid access to the area which previously had been relatively difficult to reach.

The growth center, Traverse City, overlooks Grand Traverse Bay of Lake Michigan. The location makes the area very convenient for water sports activities. The bay is sheltered, providing a good area for boating. The fishing for lake trout and coho salmon has been excellent recently and this has increased the number of fishermen drawn to the area. One local community was preparing to apply for a Bureau of Outdoor Recreation grant and loan to construct a marina on the bay to serve those interested in water-oriented recreation.

The District is dotted with many lakes and crossed by many streams. These provide additional facilities for recreation purposes. There is a series of lakes which are linked to allow boaters to navigate from one lake to another.

The proximity to Lake Michigan has significant consequence for agriculture. The land close to the lake (in the western part of the District) is much better suited for agricultural purposes than further inland simply because the lake acts as a buffer on temperatures. The major agricultural activity is in orchard crops such as cherries. The labor to harvest the crop is, for the most part, migrant labor from Mexico.

It is said that lumber out of Traverse City after the great Chicago fire was responsible for the rebuilding of the latter. The lumber industry drew a particular type of independent, self-sufficient type of person into the area. These are characteristics of the indigenous population. They are reluctant to work together, somewhat mistrustful of outsiders, and slow to innovate or adopt new ideas. The District has been attempting to overcome these problems and is being reasonably successful, considering the short time they have been in existence.

One of the most significant developments which has contributed to recent growth and construction in the Lake Michigan area has been the fishing brought about by the coho salmon. These fish were stocked in Lake Michigan in spring of 1966. They matured very rapidly and presently provide a great attraction for fishermen. As a result of several unpleasant occasions when fishermen, unable to find boat launching ramps or overnight accommodations, swarmed over the city, Manistee has begun a continuing effort to develop facilities to serve the fishermen. They have built parking areas, boat launching areas, and docking facilities where the Manistee River empties into Lake Michigan. This project is part of over \$3 million spent on harbors, launching facilities, and related services for the three-year period, 1967 to 1969.

The District has gained a great deal of local support. The local government units use the technical assistance offered by the District. Even very small communities can call on the District office and have a technically competent individual point out their problems, review possible solutions, and recommend a course of action to the community. Such planning activity would be very expensive if the community were to be obligated to go out and purchase it. This point was made repeatedly by people interviewed. This represents one of the benefits resulting from the EDA program. The District provides technical expertise which simply would not exist if the office were not funded.

The District office indicated that if federal funds were to be withdrawn, the local population could not provide the money to support the activities of the District office. It was pointed out by the staff that the member communities simply do not have the money. This is difficult to believe, but there was no evidence found which would refute this contention.

The District is recognized as the only vehicle through which people can meet and address themselves to mutual problems and search for joint solutions to the problems. The District is credited by the local people with, for the first time, bringing diverse groups with differing demographic, political, and economic backgrounds together in the same meeting.

The emphasis of the District Commission is presently on the preservation and enhancement of the quality of the environment. Pollution prevention and environmental control projects are receiving top priority in the scheme of the Commission. Public works projects, industrial park construction, and recreation facilities are receiving high priority attention as well, but are not being stressed as much as quality of the environment.

The orientation of District activities is toward initiating and developing as many projects as possible. The District is young and therefore must provide tangible evidence (i.e., projects) of their value to the communities. Otherwise, the communities may be unwilling to pay the local share; therefore, virtually any project which has a potential for success is promoted.

An interesting point which was raised during the interviewing was in response to a question concerning industrial location activities. The District does not engage in promoting the area for industrial location, but they are eager to provide information to potential firms which wish to locate there. If, however, a firm were to specifically ask for a certain number of employees with certain specified skills, the District is hesitant to give a firm reply based on published data. This seems to indicate that, despite extensive data on the skills of the unemployed and data on the number of unemployed, no one really knows who is available for work should a firm wish to move into the area.* A simple, accurate method for estimating the number of unemployed and their skills would appear to be a vital area for EDA research. Such an estimating procedure would have a considerable payoff to the District. They could then provide accurate information to potential industrial locators.

The Indian population in the District is virtually untouched by EDA activity. The Indians comprise about 1.5 percent of the total population. These Indians are not on a reservation or a group of reservations, but are scattered in very small settlements throughout the District. These settlements tend to be isolated from white communities. Transportation to areas offering employment is nonexistent and as a result the Indians experience considerable difficulty in obtaining employment. They frequently do

* This could be attributable to the nature of the unemployment statistic which has in the past been used as an indicator of change in the level of employment. Using applicants for unemployment benefits as a proxy for change seems valid. However, the number of applicants for unemployment benefits does not seem likely to be an accurate reflection of the level of all unemployed because unemployment compensation eventually ceases at which point the record of the unemployed's status disappears. Thus, for areas which suffer significant amounts of long-term unemployment, it would seem appropriate to develop another methodology for estimating the number unemployed.

not own the land upon which they live existing virtually as squatters on private, federal, or state land. The federal and state programs which were supposed to assist them are ineffective, in part due to the difficulty in identifying the population. The Chippewa-Ottawa Indian Arts and Crafts Cooperative was formed to develop a marketing scheme for retail sales of homemade items and handicrafts. Such a program does not presume to be able to bring the Indian into the mainstream of economic activity.

Selected Interviews

Interview #1. Mr. Arthur LeBlanc represented the Indian CAP organization. The District had worked very little with ICAP; however, he foresaw a significant potential for cooperation and the mutual exchange of ideas. He felt he might look to the District for help in obtaining funds to build a memorial to the Woodland Indian in Michigan. He indicated that it is very difficult to count how many Indians live in the area. This he attributed to the Indian's reluctance to accurately fill out forms from the Bureau of the Census. The problem, as he saw it, was that many Indians would prefer not to be known as Indians due to the lower status given them. The Indian will respond to the questionnaire, but will not indicate on the form that he is an Indian. The reluctance to identify themselves prevents many Indians from receiving federal (and state) benefits for which they qualify.

Interview #2. Mr. John Evans represents the CAP agency coterminous with the growth center. He has recently accepted the position of CAP director replacing another individual whose approach had been a direct assault on the existing power structure. The result was (and still is) that this CAP organization has very little support from the local power structure. He felt that the power structure was standing behind the District rather than the CAP organization. He feels that without this support he cannot operate effectively. For this reason, he is interested in developing closer ties with the District. He appeared envious of the local support enjoyed by the District.

Interview #3. Mr. Chester Glochesky is the Secretary of the District Commission and the City Manager of Manistee. The executive director indicated that Mr. Glochesky could explain the details of one of the most successful projects of the District. The project included the marina, parking, and docking facilities constructed to accommodate the coho fishermen. The new facilities are quite impressive and they were funded both by EDA and the Bureau of Outdoor Recreation. Mr. Glochesky attributes 71 new jobs to the existence of the marina. The jobs are in providing services to the individuals coming to the area for summer vacationing or fishing. The fundamental impetus for this project came from the

stocking of Lake Michigan with coho salmon. The District office worked with the City of Manistee in developing the application.

Mr. Glochsky was quite favorably disposed toward the District organization. He felt it was a source of planning talent, a good forum for the exchange of ideas concerning growth and development, and the focal point for development activity within the District. He pointed out that in the future more people in the District will be realizing that there are advantages to promoting development in one portion of the District rather than in another. The result of such understanding will be that the county representatives to the Commission is more likely to recognize the advantage of projects funded in adjacent counties.

Interview #4. Mr. Ed Loomis is a member of the District Commission and the President of Elk Rapids Industrial Development Corporation. He explained that there is no other source for local people to obtain the project assistance and guidance offered by the District. There is no competition for development and planning activities in the area. Mr. Loomis also indicated that private citizens in the area have formed organizations to attempt to attract industry into a community. The District office does not (nor did local people expect it to) engage in industrial prospecting. He mentioned that some friction had developed as a result of the District's stand against a particular project. There is some indication that the District is maturing to the point of being able to criticize or take a negative stand on a project.

Interview #5. Mr. A. R. Jacobs is president of a local manufacturing plant and is Chairman of the District Commission. He indicated that the single most important accomplishment of the District since its creation has been to draw local people into the planning process. He indicated that the District staff is composed of highly qualified individuals. He indicated the staff does not force development activities but that they guide the activities. He indicated that the key to the success of any district is in obtaining local support for their activities. He feels the District Commission has contributed to the effectiveness of the District by remaining sensitive to and promoting local involvement.

Interview #6. Mr. Frank Miller is relatively new in the job as EDA Field Representative. He feels that it is his job to see to it that the federal government gets "good" projects for its money. He believes in having the federal government remain in the background as much as possible. He pointed out that the business loan program is quite ineffective in the Northwest Michigan area. He indicated that it took an excessive amount of time to obtain business loans from EDA. He suggested it takes an average of 350 working days to process the application and obtain the funds. The results are that a struggling firm is likely to stop struggling when the application is made and with a 350 working day lag, the firm is likely to go out of business before the money arrives.

The Field Representative indicated that he had several potential applicants for whom he refused to file because the uncertainty involved in obtaining the funds was likely to result in the firms' collapse. Thus, he argued, it is better to keep them struggling without federal assistance than to allow the application to be filed. This characteristic of the business loan program pervades virtually all EDA districts visited.

CONCLUSIONS

The District office is a valuable asset to the ten-county area. It is providing services and assistance which would not be provided if they were not funded. The effectiveness of the District is indicated by the amount of local enthusiasm and participation. Some other observations are:

(1) The single growth center concept appears inappropriate in this District because many towns are located outside the area of economic activity centered around Traverse City. Furthermore, the rural areas around Manistee respond to activities in Manistee and not Traverse City. Funds are likely to be just as effectively spent in Manistee as in Traverse City. Either the District is too large, relative to the single growth center, or there should be more growth centers designated.

(2) When the District office began operations, they discovered that there had been over 700 studies which had some bearing on the status or development potential for the upper Great Lakes area. The local people do not want any more studies. They do not want more OEDP's or OEDP-like documents. What they want (and need) is action money. They need money for transportation, for fire protection, for developing the tourism industry, for developing other small light manufacture or service industries. There is no single activity which builds interest and cooperation any more rapidly than funding a project, no matter how small, in this area.

NORTH CENTRAL MISSISSIPPI ECONOMIC DEVELOPMENT DISTRICTOrigin and Staff

The North Central (Mississippi) Development District was established by state districting by the Mississippi Research and Development Center in 1967. It did not become an operating unit until Mr. Robert Williamson and Mr. Daniel Kimbrough did the "leg work" to set up the formal machinery. Mr. Williamson then became Executive Director on March 15, 1969, and Mr. Kimbrough became Assistant Director on April 1, 1969. They then undertook the writing of the OEDP which was completed in late 1969 and led to the District being formally designated on December 24, 1969. The agency is thus in its infancy.

Mr. Williamson and Mr. Kimbrough have both lived in the District for the past five years and both are graduates of the Mississippi State University business administration program. The staff is relatively young with the executive director being 35 years of age and the assistant director 30.

Mr. Williamson was formerly Executive Director of Central Mississippi, Inc., one of the largest OEO programs in Mississippi. Mr. Kimbrough was formerly Director of the Kosciusko Industrial Development Corporation (Kosciusko is one of the largest cities in the District). By academic background, prior experience, knowledge of the community, personality and apparent ability, Mr. Williamson and Mr. Kimbrough form a competent staff.

Two recent additions to the staff are Mr. Arthur Norwood and Mr. "Buff" Hammond. Mr. Norwood joined the staff the last week in February (1970). He was formerly a vocational high school principal and a member of the EDD board of directors. His title is Human Resources Development Coordinator. Mr. Norwood is the first member of his race (Negro) to serve on the staff of an EDD in Mississippi.*

Mr. Hammond is a part-time "consultant" for law enforcement, a position paid for by a Justice Department grant. He is a former police commissioner of Greenwood, Mississippi--the largest city in the development district. He is well known and respected throughout the District.

District Composition

The District itself is made up of seven counties: Yalobusha, Grenada, Leflore, Carroll, Montgomery, Holmes, and Attala. Of these counties Yalobusha, Carroll, and Holmes are among the poorest counties in the United States. The counties are of two distinct geographical types, "hill" and "delta". Five of the counties are "hill" country which aptly describes them. Leflore and Holmes, however, are "delta" counties which are very flat and very low.

* Shortly after the Battelle visit, Mr. Norwood suffered a fatal heart attack.

The delta counties were, and still are, big cotton growing areas. It is alleged by the residents in the delta area that the "cotton" interests were opposed to industrialization in the past because it would compete for their labor supply. However, mechanization of the cotton industry has produced large numbers of unemployed blacks who have very little education and training. In the last ten years many of these poor blacks have moved to Greenwood, Grenada, Water Valley, and other district towns resulting in a housing shortage and the use of extremely inadequate housing, and have increased demands for municipal services.

The hill country is characterized by small farmers of both races and large pockets of unemployment in the cities. The hill towns are a product of a passed era and show extensive signs of age. Many of the stores are owned by older merchants, who are rather conservative with respect to modernization and investment of additional capital.

A black funeral director said the black community loses its better educated children to other areas. (The same is true of the white community.) The reason given for this migration was a total lack of opportunities in the community.

Aside from the geography and the origin of the problems, the counties tend to be homogeneous in their problems and population (approximately half white and half black). Economic integration is a hollow issue as there is an insufficient amount of economic activity. The seven county unit is a natural trading area, however, and has a good transportation network. It should be noted that Leflore County, which contains the District's largest city--Greenwood--has 45 percent of the District's assessed valuation.

Greenwood and Grenada are designated growth centers and with Kosciusko contain most of the District's industry. These municipalities are the only ones to have reached a size and composition to appear attractive to prospective industries.

Committees

In addition to the district staff of three full-time professionals, a secretary, and a part-time staff of one (funded by a law enforcement grant), there is an executive committee composed of 14 members, two from each county, selected from the board of directors which numbers 27. Each county also has a county committee and the total membership of these county committees is 88.

Five functional committees have been formed but are not as yet active: the Economic Development Committee with eight members, the Human Resources Committee with six members, the Environmental Improvements Committee with eight members, the Law Enforcement Assistance Council with eleven members, and the Mobilization of Leadership Committee with seven members. It was the desire of the district staff to keep the number of committees and their size to a minimum to ensure viability.

The committees are composed of government officials, businessmen, professional people, and farmers predominately. The committees apparently encompass most of the local leadership capability. The black community may be represented in proportion to the amount of available black leadership capability but not in terms of total population. For example, four of the fourteen executive committee members are members of the black community, while approximately half the district population is black.

Funding

Currently the district is funded by a \$45,000 EDA grant and a \$15,000 local share which is paid by the counties on the basis of the percentage of total district assessed evaluation in each community. The tabulation below indicates both the local shares and the relative wealth of the counties.

<u>County</u>	<u>Annual Local Share</u>
Attala	\$ 2,285.00
Carroll	855.00
Grenada	1,865.00
Holmes	1,815.00
Leflore	6,170.00
Montgomery	1,110.00 (\$1,452.00 in kind)
Yalobusha	900.00
	<u>\$15,000.00</u>

In addition, the EDD receives \$7,000 of planning money for the Law Enforcement program. This money primarily provides the services of Mr. Hammond.

Thumbnail Sketch

A thumbnail sketch of the District can be initiated by relating that when the recent movie "The Reivers" was filmed in Carroll County virtually the only change necessary to simulate the earlier period was to spread sand on the roads. That is, the physical capital or structures in the District, in particular government buildings, are old and the communities look much as they did fifty years ago. The business districts show few signs of improvement.

Driving through the District one is immediately aware of the sub-standard housing. Much of the housing in both the small residential groupings and on small farm sites looks like unpainted driftwood crudely fashioned into shacks. Many of the older and larger homes show signs of extensive disrepair and decay.

The most impressive centers of activity in the District, judged by the number of people coming and going, are the welfare agencies. Not only

is unemployment a problem in the District, but apparently there is also a problem of underemployment, especially for the small farmer.

Among the more promising areas in the District are Grenada and Kosciusko. The City of Grenada is a growth center in a county which does not qualify for designation as a redevelopment area. Both Grenada and Kosciusko have been successful in attracting new industry and have sections that reveal new business structures and new residential structures. Most of the new building, including new stores, takes place outside of the central business district. This is probably because the old commercial districts have narrow streets, limited parking, old store fronts, and merchants with old ideas.

The City of Winona illustrates two different outlooks on the part of local businessmen. A small modern shopping center was built on the west-side of Winona with attractive facilities and appearance, in contrast to the downtown area. Most revealing, however, is that during the Christmas season the downtown merchants closed promptly at six every evening while the shopping center merchants closed at ten. Local people indicate there was sufficient business to keep all the stores open. This same attitude is reflected in the reluctance of most older merchants to modernize or improve their storefronts and facilities. There are some indications, however, that the local merchants are becoming concerned with the need for change. They have recently formed a merchants committee in Winona to investigate urban renewal prospects.

Specific Issues

The North Central Mississippi Economic Development District is relatively new, but is fairly well established. This anomaly arises from the fact that the executive director and the assistant director have both lived in the District for the past five years, are "native" Mississippians, and both were previously involved in programs in the District that established a District wide reputation for them. Of great help in getting the EDD accepted as a useful entity was a law enforcement planning grant of \$7,000 and a total of \$22,000 for officer training for district police and sheriff departments. This grant came May 1, 1969, about six weeks after the executive director was hired. Immediately there was a tangible gain for each participating unit of government. The law enforcement grant was larger than the local financial share for the District by \$7,000.

Problems

The main problems as viewed by the staff and local officials are the needs for:

- (1) Water and sewer improvements
- (2) Vocational education
- (3) Law enforcement improvements
- (4) Better housing
- (5) Industrial growth.

The staff regards the first three of these as the most important problems and those to which they can most fruitfully devote their attention.

Many of the municipalities have either inadequate water and/or sewer facilities and often none at all. In many of these small localities there is no way to economically justify water and sewer improvements. Thus, there is little chance of obtaining outside money. Similarly, the tax base is so low that there is virtually no chance of being able to finance improvements out of local resources. Most of the communities are old and small and their water and sewer facilities reflect this fact.

Vocational education is a primary concern because the available unemployed (and employed) labor force is deficient in both general education and vocational training. Thus, there is little hope of attracting industry that requires any kind of sophisticated labor force.

Law enforcement is a big issue because the level of education of most police officers and sheriffs in small Mississippi communities is extremely low. A number of law officers in the North Central EDD could not read or write. Elected local officials recognize the problem but cannot pay salaries high enough to attract more qualified men. Thus, some training and better equipment are of importance to them.

These three items are viewed by the EDD staff as the area of their first attention. Most of the local officials seem to concur in this judgment. Although the EDD has helped set up several housing authorities to help qualify communities for HUD money, the EDD staff regards the housing problem as something they cannot do much about formally, even though they recognize the need.

Industrial growth or the lack of it is recognized as a problem by both the EDD staff and local officials. The EDD staff stated categorically it would not do industrial prospecting, although one of the staff members is an experienced industrial prospector. The reason for this posture, and one confirmed indirectly by local officials, is that for the staff to secure a project for a particular community, say Greenwood, would cause jealousy and a questioning of priorities and fairness in other communities, say Grenada. The staff and local officials believe that industrial prospecting would seriously interfere with the rapport the staff has established in the district and lead to unnecessary community friction. Apparently for the same reason the EDD staff has not assigned priorities to projects in the second stage OEDP, preferring to use the less sensitive labels "immediate" and "future" projects. On the issue of industrial growth the staff feels strongly that it should promote the preconditions for growth such as access roads, water and sewer facilities, and the like, without doing industrial prospecting.

The number one priority project in the staff's eyes is an industrial park for the City of Grenada. This project involves building an access road and installing water and sewer facilities. The proposed site would be attractive to industry since it is located at an abandoned military airfield bounded by a railroad and a reservoir and is only minutes from a north-south interstate highway.

Role Conception

The EDD staff view its role as follows:

1. To offer support for local industrial prospecting. That is, the staff will provide information and technical knowledge about the district to potential new firms. Thus, the EDD provides staff services to community industrial development representatives. The industrial development manager of the Chamber of Commerce of the District's largest city said this freed him of some needless burden. He, Pat Lewis, also believed the EDD staff should not do industrial prospecting, as do a number of mayors and county supervisors.
2. To provide staff services to local elected officials. The North Central EDD is characterized by an absence of technical expertise at the municipal and county level. Thus, the EDD staff serves to backstop local officials. The Mayor of Kosciusko and chairman of the EDD board thought that provision of technical aid was one of the staffs most important functions and one which the staff was successfully implementing. One of the suggestions made by both EDD staff and local officials is that the planning grant be made larger so that a city planner/city engineer could be added to the EDD staff and made available to the small communities.
3. To make suggestions for possible improvements to local officials. The North Central EDD staff has established itself with the local leadership to the extent it can make suggestions as to what ought to be done or what the appropriate course of action is and how to go about it. This is not resented by the local officials. The EDD staff wisely lets the elected officials take the credit for the ensuring actions. This reduces the publicity the EDD receives, but strengthens its leadership capability.
4. In line with number three, the staff views its role as one of educating local interests as to growth strategies, possible options, and sources of funds.

The EDD staff has moved to meet the problems they consider most important. While this relatively new district has no on going projects, it was successful in the law enforcement grant and has filed a request for funds (some \$220,000) to buy needed law enforcement equipment.

The education problem is a touchy one in Mississippi at the present. Thus, the EDD staff may have to work to obtain support facilities for the public school systems. On March 5, the executive director secured a \$2,500 technical assistance grant which will be used to conduct a feasibility study for a vocational facility.

On the agenda of the staff is an effort to obtain comprehensive health planning money in order to hire a full-fledged "planner". This would serve the dual needs of supplying a planner which the staff feels is necessary and also contribute inputs to the solution of the communities' health problems; a shortage of hospital beds, qualified physicians, and outpatient facilities.

Of twelve additional immediately pending projects--application or near application stage--a breakdown by type reveals: four industrial park related projects, one vocational training project, five municipal water and sewer projects, and two staff-assistance projects in the housing area. The staff does not think of projects and activities in terms of particular target groups. Instead they concentrate on promoting growth processes and providing public facilities that are conducive to growth in order to raise incomes and thereby help the poor. Mr. Kimbrough suggested that economic growth strategies directed at particular subgroups often conflict with overall economic development.

The OEDP

With respect to the OEDP the situation is relatively simple. Mr. Kimbrough, the Assistant Director, was the chief author with assistance from Mr. Williamson, the Executive Director. Most of the Board of Supervisors have read only small portions of the OEDP if any of it. To the local people the OEDP is simply a requirement to be met, they are well aware of their most pressing problems. Given the other duties and occupations of most board members and the fact that they are not paid, they did not seem to feel the OEDP was their responsibility, either writing it or reading it.

The EDD staff mentioned that they felt some of the requirements and changes recommended by Washington with respect to the OEDP were trivial. At the time the OEDP was approved the staff said they had reached a point where they would have refused to make any further changes. They also pointed out that it destroyed continuity reporting to Washington the first year (until first stage OEDP was completed) and then reporting to or operating through the Huntsville office. They felt Huntsville and Washington were not always in agreement on various requirements. For example, the Washington office told them they would have one year after the first stage OEDP was accepted to complete the second stage OEDP. Huntsville, however, required the second stage OEDP by March 31, or three months after the first stage OEDP was completed. The staff felt that "help" from both Washington and Huntsville led the first and second stage OEDP's to be less ambitious and useful documents than the local staff had at first anticipated. (The data supplied by quick query was found to be inferior and was replaced by data gathered and published by the University of Mississippi and other sources.)

Other Issues

The EDA planning grant provided the first planning agency in the area. The planning grant was necessary to get activities underway and it is quite likely that if the grant is withdrawn the District governments would not fund the planning agency. There was some indication that if a larger planning grant were forthcoming the local governments would be willing to increase their contributions. The planning grant has established a nucleus staff which has the inclination and probably will be successful in attracting other money.

The North Central Mississippi EDD is an A-95 designated clearinghouse. However, to date the staff has performed virtually no clearinghouse functions since there has been little new activity by other federal agencies in the district.

Constraints

Among the constraints under which the planning grants staff works is a definite antifederal sentiment on the part of a number of local officials. The more moderate local officials said that their constituents were both suspicious of outsiders and antifederal. Therefore, the planning staff must be careful not to appear as a federal arm. This includes the crucial role played by the Economic Development Specialist, who represents the first "official" federal contact in most programs and applications. The attitude and personality of the Economic Development Specialist is important. It is alleged that the executive directors in Mississippi found one Economic Development Specialist so detrimental to their local rapport that they had him removed. The EDD staff resents unqualified individuals or those not familiar with the local situation purporting to tell them what to do.

Warren Snell, the assistant to the Governor's coordinator for Federal-State programs, mentioned the EDA planning program was one of the most successful federal programs in Mississippi. Local officials said the reason for its success is a minimum of federal intervention and participation.

Another constraint facing the North Central Mississippi EDD staff is the lack of local resources. Holmes County, for example, is the tenth poorest county in the United States. Carroll County is without a large village or industry. In general the whole State of Mississippi is poor, with very low assessed valuation.

Mr. Snell suggested that for Mississippi as a whole the business loan program needed to be pushed to expand the economic base. The executive director of the EDD pointed out, however, that there was excess paperwork and an unreasonable lead time associated with the business loan program. The long lead time caused businessmen to lose interest and a case was cited in the district where the long lead time and uncertainty of the business loan cost them a new furniture plant.

Recommendations and Suggestions

Among the recommendations either explicitly or implicitly mentioned by the EDD staff and board members were the following:

1. The EDD should deal from inception with only Washington or Huntsville (and in this particular case Huntsville was preferred).

2. Local districts should be guaranteed a project(s) within the first year that would confer district wide benefits (in this case a law enforcement grant served the purpose). This immediately would establish the agency in the district and make the operation smoother and more popular.
3. The lead time on the business load program should be shortened.
4. Conflicting statements from different parts of EDA and changing decisions or policies should be avoided as they antagonize district members.
5. EDA should establish some kind of procedure that will allow projected funding dates for projects. That is, the EDD staff felt it very valuable to know when a project would be accepted or rejected and when it would be funded.
6. The district should be allowed to prepare its own OEDP with a minimum of "participation" from Washington.
7. EDA should modify or clarify the growth center concept.

Both an EDD staff member and a local city manager mentioned the growth center concept. Their comments were essentially that it did little to help the areas surrounding the growth center. For example, the benefits to Grenada County of having the City of Grenada designated a growth center were alleged to be small. This belief may be a result of the nature of immediately perceived problems. The problems of substandard housing, water and sewer needs and law enforcement in Grenada County do not receive much immediate help from the growth that may take place in the City of Grenada. The needs appear to be immediate and the payoff to be distant or nonexistent in the eyes of the local people. The City of Grenada which may receive aid is in a better overall situation than the balance of the county which is ineligible.

Conclusion

The North Central Mississippi Economic Development District staff has made progress in overcoming the provincial community frictions in the District. They are continuing to "mend fences" politically and to search for project dollars. Their eventual success depends in part on their ability to alter community attitudes which in turn will depend on whether they produce project dollars for the District. The main staff activities to date have been soliciting local cooperation, helping initiate project applications, providing technical assistance to the communities, and writing the first and second stage OEDP's.

BIG HORN ECONOMIC DEVELOPMENT CORPORATIONBackgroundComposition of District

The Big Horn Economic Development Corporation (BHEDC) is comprised of Big Horn County, Montana and two adjacent Indian Reservations--the Crow Reservation with headquarters at Crow Agency and the Northern Cheyenne Reservation with headquarters at Lame Deer. The growth center is the City of Hardin, the county seat of Big Horn County, lying on the north central boundary of the Crow Reservation. Its population is predominantly non-Indian.

The Crow Reservation lies primarily in Big Horn County with a small section in Yellowstone County. The Northern Cheyenne Reservation immediately to the east of the Crow Reservation also lies primarily in Big Horn County with a small section in Rosebud County. Practically two-thirds of Big Horn County is Indian Reservation land. When the BHEDC was formed, Yellowstone County and Rosebud County elected not to join.

Population and Characteristics

The population of Big Horn County, including the Indian Reservations was 10,000 in 1960, growing at the rate of about 2 percent per year. Other than Indians, there are no significant minority groups.

The Indian population of the Crow Reservation is approximately 4,200, while the Northern Cheyenne Reservation has an Indian population of approximately 2,500. The Indian population is growing at the rate of about 3 percent per year, double the National average. Heavy outmigration of the young Indians, both voluntary and BIA-sponsored, is characteristic of the area.

District Formation

The Northern Cheyenne Tribe, the Crow Indian Tribe, and the Big Horn Industrial Development Committee joined forces to form the BHEDC.* The

* The Big Horn Industrial Development Committee is composed of the Big Horn County Commissioners, the Industrial Development Committee, and the Hardin Chamber of Commerce. Membership is open to any interested citizen, however.

Northern Cheyenne Tribal Council represents the Northern Cheyenne Tribe; the Crow Industrial Development Commission represents the Crow Tribe. The 11-member Northern Cheyenne Tribal Council and the six-member Crow Industrial Development Commission (one for each district in the Reservation) are elected by enrolled members of their respective Tribes.

A BHEDC Board of Directors of eight members is appointed by the three groups. Three Board members represent the Crow Tribe; three Board members represent the Northern Cheyenne Tribe; and, two Board members represent Big Horn County.

Economy

The economies of the Reservations are largely geared to agriculture and livestock production. Hardin is the major retail trade center of the District. The retailers are practically all non-Indian.

Unemployment on the Reservations is very high and very seasonal. Depending on the time of year, it is estimated that anywhere from 20 to 60 percent of employable persons cannot find work. In 1960, the U.S. Census reported an average family income of \$2,778 per year on the Reservations, compared to \$5,169 for the Nation as a whole and \$5,403 for the State of Montana.

The Crow Industrial Development Commission was responsible for bringing a carpet factory into the Crow Reservation in 1966. A \$715,000 EDA Business Loan was secured by the Crow Industrial Development Commission. This company, which was beset with problems initially, employs about 68 people, most of whom are Indians. This industry has been highly successful as of late, and has provided jobs and income for a significant number of Indians. Also, on the Crow Reservation, an Indian-owned and operated feed mill is operated by Crow Industries on the Little Big Horn River. A \$667,000 business loan was secured from EDA by Crow Industries. This mill is expected to eventually employ 90 persons.

The principal industry on the Northern Cheyenne Reservation is the Busby Tarp Factory.

Thumbnail Sketch

Staff

The staff of the BHEDC is comprised of 4 members. The Executive Director is Willard (Gus) Raines, a rancher and member of the Crow

Tribe. The planner for the Northern Cheyenne Tribe is John Andrews, a non-Indian former radio station manager. He was appointed by the Northern Cheyenne Tribe. The planner for the Crow Tribe is Eloise Pease, an enrolled member of the Tribe. A full-time non-Indian secretary is also on the staff.

The principal staff office is in Hardin City in space donated by the local Ford dealer. The Crow and Northern Cheyenne planners frequently work away from this office, in Crow Agency and Lame Deer, respectively. This often creates a problem for the executive director in coordinating efforts.

Committees

No functional committees have been set up by the staff of the BHEDC. The two Indian Tribes--particularly the Crows--have numerous standing committees already. Additional committees are not deemed necessary by the BHEDC staff.

It must also be realized that the BHEDC was formed essentially by two committees-- the Big Horn Industrial Development Committee and the Crow Industrial Development Commission---and these organizations play an active role in the affairs of the BHEDC.

Funding

The Planning Assistance Grants for the BHEDC totalled \$45,400 in 1968 and \$47,510 in 1969. Additional contributions totalling one-third of these amounts are made by various interests in cash and in-kind. In 1968, for instance, cash contributions of \$800 each were received from the Northern Cheyenne Tribe, the Crow Tribe, and the Hardin Chamber of Commerce. Additional in-kind contributions in the amount of \$13,030 were received from Big Horn County, the City of Hardin, local banks, the Tribes, and the local Ford dealer (office space). The total budget for the year, including a Planning Assistance Grant and local cash and in-kind contributions, amounted to \$60,830. The comparable figure for 1969 was \$64,576.

Objectives

The primary objective of the BHEDC is to stimulate the development of the District by bringing new industry to the area. Virtually 100 percent of the emphasis is being placed on economic development of the two Indian reservations. The staff hopes to exploit presently underdeveloped resources such as tourism/recreation lands and large coal reserves that are known to exist in the District.

Accomplishments

In the first year of the BHEDC, the staff was almost exclusively involved in data collection and analysis, since the development of an adequate data base was seen to be the first step in the comprehensive planning effort.

Overall progress toward achieving the objectives of the District by the BHEDC staff has not been great. However, the District is relatively new and not much can be expected during the first year or two. In addition, the executive director faces several impediments to progress. These will be discussed in a subsequent section on "constraints".

The BHEDC staff pointed to only one project that has been carried through to completion. This was a project to provide telephone service for a remote city on the Crow Reservation. They felt that this was part of the "foundation" that has to be laid before industry will consider moving into the area.

Prior to the inception of the District, the Crow Tribe applied for EDA public works grants and loans in the amount of nearly \$2 million for various public works projects. A grant totalling \$241,000 was received for construction of an industrial park; a grant of \$411,000 and a loan of \$359,000 were authorized for construction of a lodge, restaurant, and tepee village adjacent to Custer Battlefield National Monument; a grant totalling \$606,000 and a loan of \$76,000 were authorized for the construction of a community center at Crow Agency and a recreation center near the Big Horn Battlefield; and a grant totalling \$290,000 was made for a new educational facility. With the exception of the first project, these grants and loans were all applied for before and approved within a few months after the BHEDC came into being, and thus the staff had virtually nothing to do with them. The Northern Cheyenne Tribe was not nearly as energetic as the Crow Tribe, and cannot claim similar accomplishments.

Subsequent to the formation of the BHEDC, other applications for public works grants and loans have been made by the Crow Tribe. A grant totalling \$36,000 was requested and awarded in 1969 for additional educational facilities; a grant of \$166,000 for a sewage treatment facility at Crow Agency was applied for in the latter part of 1969. Also a grant totalling \$452,000 for construction of a revenue-producing marina near the Crow Reservation was requested in November, 1969. Finally, a technical assistance grant of \$2,500 was requested and awarded in 1969 for a feasibility study for a water supply and utility system for part of the Crow Reservation. In all of these projects, the BHEDC staff, principally the executive director, acted primarily in an assisting role in seeking funds and filing applications.

The BHEDC has been more active in the affairs of the Northern Cheyenne Tribe and the Tribe seems more dependent on them. A member of the

Northern Cheyenne Tribe, Mark Small, wanted to start his own post operation in the Crazy Head Springs Area of the Northern Cheyenne Reservation. The BHEDC staff was instrumental in securing a \$40,000 loan from the Small Business Administration for the purchase of equipment to get Mr. Small started in business. The operation has not started as yet, but eight to ten jobs will be created when it does.

An application for an EDA grant of \$275,520 was made by the staff on behalf of the Northern Cheyenne Tribe for an Industrial and Training facility in Ashland. This grant has not been approved as of this date.

An application to EDA for a \$150,000 expansion of the Busby Tarp Factory in Lame Deer is currently being prepared. With the expansion, anywhere from 30 to 100 new jobs will be created.

Current Efforts

Perhaps the most promising project on the horizon is the possible attraction of a meat packing plant to the Crow Reservation. Work is moving ahead rapidly on this project. The meat packing plant was rejected recently by the City of Billings due supposedly to the failure of the owners to show evidence that recently established government standards would be met. When Executive Director Raines heard that the plant was rejected by Billings, he immediately contacted the owner and invited him to examine the possibility of locating on the Reservation. The owner seems seriously interested in this possibility. The owner of the meat packing plant plans to visit the Reservation in the near future to discuss opportunities for locating there. About 100 people would be employed at the end of 5 years.

The executive director is currently exploring possibilities for an 8A SBA minority loan to a corporation composed of Northern Cheyenne tribal members. He is currently looking for suitable products. Postal bags for letter carriers is one possibility.*

In connection with the above projects, system of interacting industries is being formulated, centered around a feedlot operation. The cycle goes something like the following. Crow Industries would make feed in their existing, or an expanded, mill; the feed would then go to a contemplated feedlot having anywhere from 12,000 to 50,000 head of cattle; the cattle then

* To illustrate the seriousness with which this is being pursued, this observer had the opportunity to sit in with the executive director, Northern Cheyenne representatives, and a representative of the Small Business Administration while the possibilities were being discussed for a full day.

would go to a meat packing plant; the hides come out of the packing plant and are converted to postal bags on the Northern Cheyenne Reservation. It is toward the establishment of the interconnected chain of industries that the staff is working at the present time.

Constraints

There are several severe constraints confronting the effective operation of the BHEDC. The critical problem concerns the way staff is recruited. In this district, the Crow Planner is appointed by the Crow Tribe; the Northern Cheyenne planner is appointed by the Northern Cheyenne Tribe. The executive director has no say in the matter. Consequently, he can be supplied with an incompetent or inharmonious staff. Even though the executive director has no authority to hire and fire people of his own choosing, he is ultimately responsible for their actions, or inaction. This situation is undesirable. The executive director has on numerous occasions attempted to obtain the needed recruitment authority from the Crow Tribe. However, the Tribe has not seen fit to grant him this authority.

It is obvious from the above discussion that relationships with the Crow Tribe could stand improvement. The Crows are ambitious and energetic relative to other Indian tribes and take it upon themselves to do some of the things that one would expect the staff to do. The Crow Industrial Development Commission, in particular, even though it was part of the formation group, does not act in consonance with the executive director. Part of the reason for the above might be due to the presence of a very dynamic Tribal Chairman, Edison Real Bird. This situation might change if he is not re-elected to office.

Another problem confronting the director concerns the relationship between the two Indian Tribes. Historically, there has been little cooperative activity between the two Tribes. This is surprising in view of the fact that they have common problems. Evidently the two Tribes never agree on anything. This organizational structure provides the opportunity for working together, but this cannot be expected to come about overnight. There is likely to be opposition by one Tribe to good proposals of the other for some time to come. This forces the executive director to practically work separately with the two Tribes. (Vern Griffith, the EDA specialist in Butte, stated only one instance in which the two tribes had agreed recently and felt this would not have happened if the BHEDC were not in existence.)

The executive director feels that the funding is adequate for conducting the affairs of the BHEDC and has experienced no problems with EDA-Seattle. Of course, he has not dealt with them extensively.

Observations

Relationship With EDA Specialist

Executive Director Raines thinks very highly of Vern Griffith, the EDA Specialist in Butte, and considers him extremely competent and helpful.

District Organization

The antipathy between the two Indian Tribes has been discussed. There is yet another problem. This concerns the relationship between Indians and non-Indians. Basic mistrust of the white man is still part of the Indian nature. On the other hand, many non-Indians have little regard for Indians in general, whom they associate with abject poverty and alcoholism.

Relationship With Other Groups

Surprisingly, the BHEDC does not interact significantly with the Bureau of Indian Affairs. They do, however, make considerable use of the services of the EDA center located at Montana State University for project evaluation.

Other than the previously mentioned committees devoted to development, no other active organizations of like kind exist.

Public Relations

A moderate amount of public relations work--primarily lecturing to local interest groups--is performed by the staff. However, it is doubtful whether the average citizen is fully cognizant of BHEDC activities and objectives.

Indian Organization

The Crow Tribe is officially recognized as an unorganized Tribe. According to the Indian Reorganization Act of 1934, a Tribe could organize or not, as it elected. Unorganization implies that, rather than the Tribal Council acting on behalf of the Tribe, the entire Tribe participates in voting on matters which affect them. This is reminiscent of the "town meeting" form of government. In addition, unorganization frees the Tribe from certain rules and regulations of the BIA, and gives the Tribe much flexibility and latitude in the things it can do. Perhaps this is one reason for the air of independence prevailing on the Reservation.

The Northern Cheyenne is an organized Tribe, and the Tribal Council acts on behalf of the entire Tribe.

Conclusions

Upon critical examination of the accomplishments of the BHEDC thus far in satisfying their objective of acquiring new industry and associated jobs, the District might fare badly against others. Indeed, it might be judged a failure. To a certain degree it has been, due primarily to circumstances beyond the control of the executive director, who appears competent to perform his appointed function. The problems he faces are particularly serious and are probably unique to this District. Considerable time will be required to iron them out. The personnel problem might never be ironed out without intervention of the EDA, however.

Because of the special problems the District should not be graded too harshly at this time on the basis of the number of new industries attracted, the number of new jobs created, increased income, or other indicators of progress. With the proper environment, significant progress can be and will likely be made. The executive director seems to be doing everything he can under the present circumstances.

BLACKFEET TRIBAL BUSINESS COUNCILBackgroundComposition of District

The Blackfeet Planning District is the Blackfeet Indian Reservation, a Redevelopment Area located in North Central Montana adjacent to Glacier National Park. The Reservation occupies an area of about 1.5 million acres directly east of the park, and is bordered on the north by Canada. It covers the western portion of Glacier County and a very small portion of Pondera County. The Reservation is governed by the Blackfeet Tribal Council, an elected body of nine tribal members headed by a Tribal Chairman. The Tribal Council is also the Board of Directors for the planning district. (Nontribal interests are not represented on the Board.) Elections are held every two years. It is rare for a Tribal Council member to succeed himself in office. This presents certain problems for the planning staff, to be discussed later.

Population Characteristics

The Reservation had a population of about 9,000 in 1968. Of this total, 6,400 were members of the Blackfeet Tribe, 420 were members of other tribes, and the rest were non-Indians. The largest town on the Reservation is Browning, which had a population of about 2,600 people in 1968. About one-half of this total is non-Indian. From 1940 through 1967, total population on the Reservation grew at the rate of about 1.8 percent per year. Heavy out-migration of young people--both voluntary and due to BIA-sponsored relocation policies--persists.

District Formation

At the request of the Blackfeet Tribal Council and the Browning Development Corporation (BDC)* the Reservation was designated as a Planning District by the Economic Development Administration, the first grant being awarded in July, 1967. The planning assistance grants are made to the

* The nonprofit Browning Development Corporation (BDC) was formed in 1966 to support economic development. A charter was issued and stock was sold. Additional funds were secured from the Small Business Administration. Membership in the corporation is open to any person. However, the BDC Board of Directors requires at least 51-percent Indian membership.

Tribe, which in turn hires the professional staff. The EDA planning assistance grants program has been dubbed "The Blackfeet Planning Program" by the Tribe.

The original OEDP for the Blackfeet Reservation was prepared in 1962 by an Area Redevelopment Committee composed of representatives from the Tribal Business Council, the Bureau of Indian Affairs, the Superintendent of Browning Public Schools, the Mayor of Browning, the Public Health Service, and the local Browning newspaper. This original OEDP was updated in each subsequent year. The OEDP for designation as a planning grant was prepared jointly by the Browning Development Corporation (BDC) and the Tribal Council, with assistance from the BIA.

Economy

The Blackfeet Reservation has an abundance of natural resources. There is plenty of land and water. Mineral resources--coal, iron, oil, and gas---are known to be present. The Reservation also has a marketable grade of timber. Due to its location, the Reservation is endowed with an abundance of currently undeveloped tourism/recreation resources.

At present, the economy of the area is dependent principally on grazing and agriculture. Secondary activities are in tourism and lumbering. The major occupations are farming, stock raising, and to a limited extent fire-fighting, lumbering, and retail trade and, in Browning, government. The first two occupations--farming and stock raising provide approximately 80 percent of the jobs available on the Reservation.

Unemployment is a critical problem on the Reservation. Estimates by the Montana State Employment Service Office peg the total labor force at approximately 2,000 persons. Only about 500 of this total are thought to be permanently employed. The high rate of unemployment results in a very low median income and gives rise to other problems in the areas of housing, sanitation and education. According to the Tribal Council, the 1968 median family income on the Reservation was about \$2,600 and the unemployment rate in April, 1969 was 47 percent. In the 1960 Census, median family income was \$2,716. This compared with \$5,169 for the nation as a whole and \$5,403 for the State of Montana.

Staff

The staff members of the Black feet Planning Program are the Executive Director, Clyde Waln, his assistant, George Henkel (called an economic planner)

and a full-time secretary. Waln is a Sioux Indian, having grown up on the Rosebud Reservation in South Dakota, and Henkel is a member of the Blackfeet Tribe. Waln had various responsible positions on this and other reservations prior to being selected as Director. When the planning program was initiated, an additional staff member, a community planner, was hired. Due to later cutbacks in funding, this position was subsequently eliminated.

The Blackfeet Planning Program is responsible to the Tribal Council. The Council has the authority to approve or reject all community or industrial development proposals or projects. The Executive Director is held responsible by the Tribal Council for initiating projects, evaluating projects, providing counsel and advise, following through on projects, providing liaison with other agencies, and finding sources of funding for projects.

Committees

No functional committees have been set up under the Blackfeet Planning Program. Many standing committees set up by the Tribal Council already exist. Any special committees needed are formed under the authority of the Tribal Council.

Funding

In 1967, approximately \$49,000 was granted to the Blackfeet Tribal Business Council by EDA for the Blackfeet Planning Program. In 1968, \$41,000 was granted, the reduction in funds being due to the elimination of one staff position. Funding remained about the same for 1969.

The Blackfeet contribution (approximately 1/3 of the above amounts) was both in cash and in-kind, the largest contribution being in-kind for office space and services in the Tribal Council Headquarters in Browning.

Objectives

The primary goal of the Blackfeet Planning Program is to provide new job opportunities for Indians on the Blackfeet Reservation by attracting light industry to the Reservation. Small, diversified industries employing small numbers of people are preferred to giant corporations employing a very large percentage of the labor force for two reasons. First, the vast human resources are not available; second, when one or more of the small industries has a layoff or shuts down, the whole area is not suddenly unemployed.

Secondary objectives of the Blackfeet Program involve satisfying some basic needs of the community which may or may not lead to economic or industrial development. These include improving the quantity and quality of

medical facilities, housing, water and sewage, recreation, and education. At best, satisfaction of these basic needs sets the climate for the attraction of basic industries.

Accomplishments

Projects to Raise the Standard of Living. Initially, most of the efforts of the Blackfeet Planning Program were devoted to meeting the secondary objectives of improving living conditions on the Reservation. Accordingly, several EDA Public Works Grants were sought for the projects of highest priority.

The Tribal Council applied for and received a Public Works Grant to construct an Industrial Park in Browning. The Grant was awarded in 1966. The 65-acre park adjacent to the main line of the Great Northern Railway has been completed. Total EDA funding was \$320,136. The Planning Program came into existence when the Industrial Park was under construction, so the staff can claim full responsibility for it. However, the idea for the Industrial Park was originated by Waln before he became Executive Director. In this project, the Planning Program staff picked up the loose ends.

The staff applied for and received funds of \$22,000 for a 701 planning grant from the Department of Housing and Urban Development (HUD). Waln started this from scratch. Though the grant was authorized by HUD in February of 1968, the final report by Harrison-Fagg of Billings is not yet complete and is reportedly being disputed by the State Planning Agency.

The Blackfeet Tribal Business Council and the Browning Town Council applied for an EDA Public Works Grant and Loan for street paving and the construction of curbs, gutters, and storm sewers in Browning. A total of \$576,000 in Grants and \$144,000 in loans was authorized by EDA for this project. The Planning Program staff claims almost full credit for this project. Evidently, the Tribe and the city adopted a resolution to file applications in 1967. However, when the staff came into being in 1968 nothing had been done. The Planning Program staff submitted the application and followed the project all the way through to final inspection. In their own words, the project "never would have gotten off the ground" were it not for their efforts.

An application to HUD for funds to construct a community center in Browning was approved for \$346,411. The center, which is practically complete, houses a youth center, meeting rooms, swimming pool, classrooms, and Tribal Council offices. The Planning Program admittedly had little to do with this project other than help to raise the local financing. Most of the work was done by the CAP director.

Projects to Create New Employment Opportunities. In addition to the above projects, which do not directly result in development, the staff has been very active in securing new industry for the Reservation to provide

employment opportunities for residents, particularly the Indians. The staff has also actively attempted to get Indians interested in owning and operating their own enterprises with the ultimate purpose of increasing their management capabilities.

A plant that manufactures component parts for prefabricated homes--- Glacier Homes, Inc.---located in the industrial park in the latter part of 1968.* At present five people are employed but up to 24 are expected to be employed when the company is in full operation. The Planning Program staff negotiated a \$162,000 "502" loan from the Small Business Administration (SBA) and the newly-formed Browning Development Corporation to provide the building and equipment for this industry. The staff can claim nearly full credit for bringing this industry to Browning.

HUD is giving financial assistance for construction of 55 low rent homes in Browning. These houses are being constructed by Murray Enterprises, a subsidiary of Glacier Homes, Inc. At present, they have a field crew of 17 local men and women, mostly Indians. The exterior of 10 homes have been completed, but, due to bad weather, construction on the rest of the homes has been delayed. Murray Enterprises is currently negotiating for other tracts.

Perhaps the most significant project, in terms of present and future job impact is concerned, is the formation of a company called Precise Products. This company makes interior doors for Navy ships. Formerly, this company was one of only two companies in the world making erosion-control devices called "gabions", the other company being located in Italy. Only one full- and two part-time people were employed. The owner, a non-Indian, contacted the Planning Program staff about the possibility of going into production of products for the Navy. The staff negotiated a 502 SBA loan through the Browning Development Corporation for construction of building and purchase of equipment. Then, they negotiated an 8A-SBA loan for minority groups whereby government contracts are awarded without competitive bidding. A \$250,000 per year open-ended contract was secured, and a second contract is being pursued. Until the new building is completed, the company is operating in temporary quarters. There are 13 people employed at present. When the company moves into its new quarters, they hope to expand into the production of water-tight steel doors, coat hangers, door stops, hinges and other light items. Estimates of ultimate employment range from 65 to 185 people. The Planning Program staff did virtually 100 percent of the work in getting this business started.

The Chief Mountain Lumber Company was the first plant to locate in the industrial park. They located there on their own, with limited assistance from the Planning Program staff. However, the mill has been operated on a

* Actually, Glacier Homes, Inc. consists of two firms--Component Systems, which manufactures the components of the prefabricated homes, and Murray Enterprises, which constructs the homes.

limited basis for various reasons. One problem has been a shortage in the supply of logs. The Planning Program staff attempted to put together a Blackfeet Logging Enterprise, an Indian-owned operation, to supply the logs. Unfortunately, this never came to pass. However, the staff was successful in luring the Wind River Logging Company to the Reservation. A 502 SBA Loan of \$300,000 was obtained for the purchase of equipment. As many as 40 Indians were employed by this company at one time. However, due to labor problems and a price dispute with the local sawmill, the company packed up their equipment and moved to Wyoming. They are, however, meeting their loan repayment commitments. As a result, the sawmill was forced to close and lay off an additional 10 people. The Planning staff is currently trying to get things rolling again. Several Indians have shown considerable interest, of late, in starting a logging company. Also, rumor has it that the Wind River Logging Company may move back. In addition, a post and pole operation, which would employ about 20 people, is seriously interested in locating in the industrial park. Something is bound to break soon, in the opinion of the Planning Program staff.

In early 1969, the staff secured a \$2,950 Technical Assistance grant from EDA for a feasibility study of a livestock sales center for special sales of reservation stock to be located on the Reservation. The study was completed by Mc Affee Associates in Missoula. The center was reported to be feasible. However, opposition from neighboring cities outside the Reservation has slowed progress on this project.

The staff worked out the feasibility and financing, and helped negotiate contracts for a 40-unit motel in Browning. This motel, which will employ 5-10 people will be completed in time for the 1970 tourist season.

The staff was active in the formation of Piegan Products, Inc., a wholly Indian owned corporation. The staff helped to get this corporation organized and incorporated and are currently assisting them in finding suitable products to produce.

Current Efforts

Several of the current activities of the staff were discussed above in the section on "accomplishments". Some of the other more notable activities currently underway are discussed here.

The staff has been working very hard on securing funds from EDA for the construction of a tourist complex on Lower St. Mary Lake, which lies on the Reservation adjacent to Glacier National Park on a heavily-traveled tourist route. Approximately \$1.5 million dollars has been requested for construction of a 56-unit lodge, 100-unit campground, marina, restaurant, and a 30-unit tepee village. Currently no tourist facilities exist around this scenic lake. Many Indian homes are, however, located on its shores.

(Note: These homes have the barest essentials, and resistance has been heavy by the owners against improvement.) The feasibility of the tourist complex was established by a private consultant. The report urged that the Blackfeet give top priority to this project. It was estimated that the complex would operate 6 months a year and employ 125 persons seasonally. The application was submitted to Seattle in March, 1968. It is slightly over two years since this proposal was submitted and it has not yet been forwarded to Washington. The big obstacle to approval in Seattle is for the Tribe to get someone reputable to sign a lease agreement. The Seattle EDA office feels that the Indians do not have the management capability to operate this complex and are requiring outside management. The Tribe did manage to get someone to sign this agreement. However, he was found to have Mafia connections and was unacceptable. When this problem gets worked out, the application is expected to be approved.

Several industries have shown interest in locating on the Reservation and the staff is working to get them. Among the possibilities still pending are a plastics firm which would employ 50-100 persons, a company manufacturing front-end loaders, and a company manufacturing subassemblies of data-processing equipment.

Recently, Eastman Kodak Co. paid a visit to the Reservation. They are constructing a very large plant near Denver and are exploring the possibility of using softwood pallets for materials handling instead of the hardwood pallets currently in use. They wanted to explore whether the Blackfeet could develop and manufacture this product at a reasonable price. The statement was made by a Kodak man that, if the softwood pallets were found to be feasible structurally, and if the Blackfeet could provide them at a cost which might even be slightly higher than bids by non-Indian interest, they would favor the Indians. Work is being started on this project by Mr. Henkel.

Executive Director Waln travels extensively outside the Reservation in his quest for industry. He feels this is essential since the Reservation is so isolated from the major population centers housing the headquarters of the businesses he wants to contact.

Constraints

The Planning Program staff did not feel that there were many significant constraints on their activities. They felt that funding was adequate for the staff that is supported, but expressed displeasure at losing their additional staff member in 1968. Evidently, this man was very valuable to the team and would have made a worthwhile contribution to it. Upon his release from the Planning Program this staff member relocated in Washington, D. C., and, for all practical purposes, his services are lost to the Tribe.

The staff expressed mild displeasure with EDA-Seattle. Their big complaints, of course, centered around the excessively long delays involved in getting their Lower St. Mary Lake tourism complex through the system. Other than that project, they did not voice any strong complaints. It was their feeling, however, that EDA-Seattle lacked effective decision makers.

Observations

Relationship With Other Groups

The Blackfeet Planning Program seems to work effectively with other planning and development groups. Activities are regularly coordinated, for instance, with the City-County Planning Board. Their work with the Browning Development Corporation has been noted throughout the previous discussions. Also, the staff coordinates their activities with the Bureau of Indian Affairs, primarily through Program Officer, George Helfenstein. He seemed fully aware of the activities and accomplishments of the staff. Although he provided counsel and data to the staff, especially for the preparation of the OEDP, Helfenstein did not seem to take an active role in the pursuit of industry. He stated that the Industrial Development Branch of the BIA would handle this. The fact is that it does not. One man is located in Billings and has all the Indian Reservations in Montana to look after. As a result, his assistance to any one Reservation is limited. Reports are that this activity of the BIA is being expanded, however.

Montana State University has also provided assistance, but not a substantial amount. Evidentially, some personal conflicts destroyed the working relationship for a time.

Office Space

The Planning Program staff is housed in the Tribal Council office building in Browning city center. The foot traffic in, around, and through their offices reminds one at times of rush hour at Grand Central Station. Many of the people who drop in are in the building on other Tribal business and cause disruptions to the Planning Program staff.

Travel

Due to extensive travel by the staff, there is frequently no one in the offices when needed. This was pointed out by the BIA.

Relationship With Tribal Council

The Planning Program staff seems to enjoy good relations with the Tribal Council. However, several problems with the Tribal Council are worth mentioning. First, the Council members serve both as Council members and as members of the Board of Directors of the Planning Program. This presents somewhat of a problem in role differentiation. Since the EDA program is relatively new and appointment to the Board of Directors automatically accompanies election to the Tribal Council, it would not be surprising if members were unfamiliar with their role as Board members. It is this observers opinion that, with the exception of a few members, the Council members are not fully aware of the objectives of the Planning Program as distinct from the objectives of the Tribal Council and might often veto promising projects from their lack of understanding. Of course, the Tribal Council is interested in projects which will ultimately lead to economic development of the Reservation, so this problem might not be significant.

Second, the Planning staff is responsible to the Tribal Council for their actions and must coordinate programs with it. Due to the lack of continuity in membership in the Council, the effectiveness and continuity of the Planning Program may also suffer. This would be the case particularly if the new Administration had radically different ideas and philosophies than the previous one. Perhaps, a permanent Tribal committee should be established for the EDA program.

Ancillary Activities

The staff stated that a very large portion of their time was taken up by business loans--advising potential borrowers, inquiring and seeking the proper sources of funds, and filing applications for both themselves and other groups or agencies. Also, many people who come in with ideas judged infeasible by the staff have to be convinced of this. This takes time.

The Blackfeet Planning Program staff does not do much public relations work in the Reservation and are not well known to the average citizen. However, a recent issue of a progress report published by the Public Health Service carried a two-column story on Planning Program activities.

Relationship with EDA Specialist

The Planning Program staff thinks very highly of the EDA specialist, Vern Griffith, in Butte. Griffith, a man of action, actively assists the staff when called upon, and provides counsel, advice, and guidance on all Planning Program matters.

Conclusions

All things considered, the Blackfeet Program seems to be headed in the right direction. Several significant accomplishments can be claimed and more seem imminent.

NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT

The North Central New Mexico Economic Development District is composed of eight counties in the north central part of the state. The Sangre de Cristo Range, part of the Rocky Mounty system, extends the entirety of the District from the Colorado line through Taos, Colfax, Mora, San Miguel, and into Santa Fe County. Colfax, Mora, and San Miguel Counties are on the eastern slope while on the western slope are the counties of Rio Arriba, Taos, Los Alamos, Santa Fe, and Sandoval.

The District has a land area of 24,476 square miles and a population of approximately 165,000 (6.7 per square mile). Roughly one third of the District's population is located in Santa Fe County, wherein lies the City of Santa Fe. The remaining two thirds of the population is centered around six redevelopment centers: Bernalillo, Espanola, Las Vegas, Los Alamos, Raton, and Taos. Santa Fe, Espanola, and Los Alamos are relatively close together and have experienced the most rapid growth in the District. Bernalillo is close to Albuquerque and is becoming a bedroom community for that city. Las Vegas and Raton are geographically and economically isolated from major centers of growth. Taos, though geographically isolated, is a major tourist center and a major exporter of creative works of art.

The counties that compose the District (with the exception of Los Alamos and Santa Fe Counties) are characteristic of an underdeveloped region. There is a high proportion of the population engaged in agriculture, and yet agriculture is no longer a major industry. The population has a high degree of illiteracy, and in most of the District's counties, there is a weakness or even an absence of a middle class. The District is continuing to lose its young people and there is a lack of industrial skills among those who remain. Welfare is becoming a strongly entrenched pattern of life, and as a result of settlement patterns between three cultural groups--Indian, Anglo, and Spanish--there is a unique set of intracultural and intercultural problems which inhibit economic growth.

The District office is staffed by four professionals and two secretaries, located on the College of Santa Fe campus in the City of Santa Fe. The staff is an action-oriented, as opposed to a research-oriented, staff as can be seen by the background of its members. The director, Mr. Leo Murphy, is a well known politician in New Mexico, having served as Mayor of Santa Fe for three terms (6 years) and as Director of the New Mexico Welfare Department and having run unsuccessfully in the Democratic gubernatorial primary prior to the last election. He has community stature, both as a successful local political figure and as a businessman. The staff hired by Murphy includes a planner, a former city clerk, and a former community action program director. All of these people are from the District and have close ties with its cultural groups.

Arthur Trujillo is the District's chief planner. He is from Santa Fe, obtained his master's in community planning from the University of Oklahoma, and came to the District with previous professional experience in

West Virginia and North Carolina. He is the only native (Spanish surname) planner in the District and is frequently called upon to give technical assistance to the counties, community action organizations, and the State Planning Office. A second planner will join the staff in June to assist Mr. Trujillo in his work.

Nick Pappas is the District's human resource specialist. He is from Raton, received his bachelor's in Arts and Letters from the University of Utah, and came to the District with previous experience as Director of the Community Action Program in Colfax County. His salary is being paid by a human resources development grant obtained from OEO with the assistance of the Taos-Rio Arriba CAP. Since joining the District staff, he has devoted approximately 30 percent of his time to working with OEO community action programs. He has a reputation in the District for his ability to play a direct role in community action. Since joining the District, he has not had the time to work directly with OEO programs.

George Royball is the housing specialist. He is from Santa Fe and came to the District's staff with previous experience as the Santa Fe City Clerk. His specialty is accounting.

Harold Martinez is the EDA field representative in Santa Fe. He has a degree in foreign affairs from the University of New Mexico, and came to the District with previous experience as a city manager. He has resigned from his present position under pressure from EDA. He believes that he is being forced out because he is a Democrat and because he is Spanish. His replacement is a career officer with EDA being transferred from Texas.

In summary, the staff has excellent top leadership in the form of Leo Murphy who knows how to initiate programs and follow them through. He has excellent contacts from the local level to the top leadership in the United States Senate (He considers himself a personal friend of the Kennedy family). The staff has one excellent planner who is very familiar with the region and is well accepted by the native population. A second planner has been hired and will join the staff in June. The staff does not have any researchers and is generally understaffed, especially in the area of planning.

Role of the District Staff

The staff sees their role as promoting economic development and furthering regional cooperation. To fulfill this role, they have established the following objectives:

- (1) Upgrading the existing skill level
- (2) Promoting the development of community facilities
- (3) Promoting industrial development or recruiting programs.

They feel that their major thrust should be in satisfying the first objective by improving the educational facilities available to people who are trying to develop job-related skills.

Almost one third of the projects in which the District has played a major role are for technical-vocational education (Table 1). In several of these projects, Senator Montoya has been the instigator, using the District as a mechanism for getting funding arranged. Most of the community development projects successfully funded have been in sewer and water facilities. There is a need for sewer and water services throughout the District that is well recognized and promoted by community leaders. In addition, two hospitals and one community center were funded. Two community center projects were not funded because job generation could not be shown. For this reason, the District's staff has been avoiding proposals on this type of project.

TABLE 1. APPROVED EDA PROJECTS, MARCH 1, 1970

Types	Number of Projects	Dollars of EDA Funding \$ millions
Technical-Vocational Education	8	2.4
Sewer and Water	5	1.3
Industrial Development (includes recreation, agricultural, industrial park)	5	1.3
Transportation (roads and airport)	4	3.6
Hospital	2	1.8
Community Center	1	0.1
Total Projects	25	10.4

Source: North Central New Mexico Economic Development District.

The District, and especially Mr. Murphy, has been very successful in funding road projects. Two projects in particular, one for a logging road and the other for access to a recreation area, produced a lot of good publicity for the District because they were able to get the State legislature to earmark \$2.25 million of matching funds for these projects.

In fulfilling their role, the staff feels that their time is spent in responding or reacting to the needs of people in the community. They tried to estimate, for purposes of this evaluation, how time has been spent during the last 6 months (Table 2). These estimates reflect the fact that the staff is too small for each individual to specialize in one area. The human resource specialist, for example, spends almost as much time writing monthly progress reports as he does working on human resources development programs.

Representation by Minority Groups in the Decision-Making Process

In northcentral New Mexico, Anglos are in the minority. We cannot speak of Spanish surnamed people as a minority group for they are represented in business and all levels of government. Most of the people interviewed and two members of the EDD staff are Spanish surname. When I questioned the staff and the Board concerning representation of the poor in the EDD, they responded that "representatives of the poor" were on the Board, not the poor themselves. Thus, a Spanish surname person who comes from a poor background but who himself is not poor is considered to be a representative of the poor, to whom he has a strong cultural tie. The EDD Board leadership said that they seek out people who can make a meaningful contribution to the EDD. None of the members can be considered to be from the poverty group.

Indians are not represented on the Board. Though Indians have obtained funding through the EDD, they generally work through federal programs geared directly to them. Eight Northern Pueblos is an OEO-funded agency working directly with the pueblos in the area and not interacting with other local groups. Until recently, most Indian pueblos have not been able to participate in EDA programs because they have lacked matching funds. In addition, the needs of the Indians are sometimes too basic to qualify for EDA monies. For example, there have been several requests for assistance in getting community houses to give the children some place to congregate, but these programs are not job-generating programs and are of low priority.

Related to the question of cross-cultural and cross-economic representation is the question of project initiation. Are EDD projects responsive to the expressed needs of the poor? The answer is generally negative. To a large extent, the need for matching funds excludes the have-nots from participation.

The staff of the EDD has tried to screen project proposals in their early stages to eliminate those which have little chance of obtaining matching funds. The two projects which they lost (turned down in Austin at prefiling meetings) were both to finance community centers, where matching funds were going to be hard to find and where job generation was not directly involved. The projects which do get funded are ones that have the strong backing of some segment of the establishment.

TABLE 2. WORK-SCHEDULE TIME
BREAKDOWN
January through December, 1969

Category	Director	Planner	Human Resource		Housing Specialist	District Staff Median
			Specialist	Percent		
<u>COORDINATION & TECHNICAL ASSISTANCE</u>	30	30	20		20	25
County & City Governments						
RC&D Committees						
State Planning Office						
Housing Authorities						
Concentrated Employment Program						
Sewer & Water						
Agriculture						
Business Development						
Others						
<u>PROJECT DEVELOPMENT & IMPLEMENTATION</u>	20	20	25		15	20
Monthly Progress Report						
Projects & District Action						
Program Projects						
<u>PLANNING, PROGRAMMING, & RESEARCH</u>	5	30	15		5	15
Second Stage O.E.D.P.						
Project Analysis						
Functional Committees						
Others						
<u>HUMAN RESOURCES DEVELOPMENT</u>	5	5	30		45	30
Work Program with OEO Grant						
CAP Coordination						
<u>ADMINISTRATION</u>	40	15	10		15	15
Reporting						
Accounting						
General Office						
Information Dissemination						
Other						

Several examples of how projects were initiated may be cited:

- (1) Arroyo Seco-Twining Road Project--This project was sponsored by the Forest Service and developers of a ski area. It is not clear who the initiator was except that data on snow depth and topography collected by the Forest Service were used to encourage a developer coming to Taos. County commissioners, the Taos Chamber of Commerce, a local bank, and the developer went to the prefiling conference. The state put up matching funds. In discussing this project, the local CAP director said that the poor had nothing to do with the project and would not have listed it as a high priority item if they had been asked. He also criticized the District for not following up to see if local people benefited from jobs generated by the road. He felt that jobs generated by the ski area (a) were filled by "ski bums" who come from outside the Region and (b) do not offer high enough salaries to justify local people giving up their welfare checks.
- (2) Santa Clara Peak Road Project--This project was initiated by Duke City Lumber Company which cuts in the area. The District went to the State Legislature to obtain matching funds and were successful in getting approximately \$1 million earmarked for this project.
- (3) Elk Mountain Road Project--The road will open up a recreation area outside of Las Vegas. This road has been discussed in the community for the last 20 years. The District helped to get a proposal submitted and to obtain matching funds of approximately \$1.25 million from the state. This has been approved, but not yet funded by EDA.

Projects have not been initiated in the major growth center around Santa Fe (Santa Fe County). The major reason for this is that there are so many other groups working in Santa Fe that the District staff feels their time is better spent elsewhere. Secondly, Santa Fe is too far away from some counties to serve as a focus. Third, there is some tendency to distribute projects to all counties so as to encourage the participation of all counties in the "industrial development" process and to encourage local sharing.

Throughout this process of initiating projects locally and obtaining federal assistance, the District serves as a consultant advising local groups on what they have to do to qualify, and assisting them in project design and proposal preparation. In this role, they serve to screen out projects that have little chance for success.

The Community's View of the Staff and the District's Program

All of the people interviewed had a high opinion of the Director, Mr. Murphy, and of the staff with whom they had contact. This included

county commissioners, local businessmen, the editor of the local paper, and the OEO community action program director.

On the other hand, most people outside the organization and its Board could not define the objectives of the District program. Everyone knew that Leo Murphy had been responsible for the state earmarking road funds for two District road projects and that the District was involved in building the new hospital. Of those people who tried to define the District's objectives, the predominate response was that the objective was to generate jobs.

Three industrial development groups were contacted. Two of these were familiar with, and working with the District, and used the OEDP as a source of data for promotion work. The director of the Chamber of Commerce in Taos knew nothing about the District. The editor of the local paper had a general idea of what the District was trying to do, but explained that until they step out of line, he will not get too informed concerning their activities. The editor is on the mailing list for the OEDP and monthly bulletins. The reference librarian in the Santa Fe library, on the other hand, had no knowledge of the District and did not have a copy of the OEDP in her file on "economic development".

Barriers to Development in the District

Cultural Barriers

Many of the problems of development in the District are tied to the area's history of settlement. Before New Mexico became a "New Frontier" for Spain in the 16th century, the Indians had developed a highly integrated social system along with an effective communal living pattern. They settled on fertile lands where they raised basic food staples. Their communal living patterns and their special reverence for the land as the source and sustainer of life precludes it being considered as personal property to be hoarded, or kept by individuals as a personal source of material wealth. This lack of concern for land ownership resulted in misunderstandings between Indians and white settlers which still have not been resolved. Today, very few Indians own land or other property which is a serious barrier to their industrial development. Land held in common by tribal councils has not been satisfactory collateral to obtain development loans from conventional financial institutions.

The Spanish settled the area through their missions. These missions were supported by the virtual slave labor of the Indians. This form of slavery and the introduction of Christianity disrupted the established social and economic system of the Indians and created a distrust of "foreigners" which still exists to some degree.

Under Spanish rule, the New Mexico territory was divided into large land grants held by the governing families. Some of these families obtained titles to the land when New Mexico became a state. Other families either

did not bother to get clear title, sold their land to others, or the family became too dispersed to take any definitive action. The result is a land title problem that is the worst in the United States. Thousands of acres of land in the District can not be used for development because no one holds clear title. For one large grant near Taos, it was estimated that there were 250 owners. Each owner has too small a parcel to use and the owners are too dispersed around the country to be able to organize to jointly manage the land (at least they have not gotten together yet). The District is supporting a study at the University of New Mexico to investigate and seek solutions to this problem.

The Indian and Spanish cultural groups both have language problems. There are Indians in the District who do not speak English while Spanish people learned English as a second language. This inhibits educational attainment of many people in the District which is why the District's program is promoting educational programs so heavily.

Geographical Barriers

The large size of the District and the mountain range dividing it into eastern and western section create definite limits on the type and size of business establishments that may locate there. Markets are dispersed and roads between communities are often circuitous. This creates problems of development which, in turn, create problems in the management of the District's program.

First, the economies of the two sections of the District are different and require different types of programming. The eastern section is characterized by open planes and large ranches, especially in Colfax County where farm size far exceeds that of the other counties. Sixty percent of the value of farm products sold are generated by the three eastern counties (Table 3). The western counties are more mountainous and farms are small.

TABLE 3. COMPARATIVE SIZE OF FARMS IN THE DISTRICT

County	Average Acreage Per Farm	All Farm Products Sold \$ million
Colfax	14,750	4.4
Los Alamos	-	-
Mora	5,121	2.4
Rio Arriba	2,624	3.1
Sandoval	2,399	1.0
San Miguel	6,126	3.7
Santa Fe	5,626	2.1
Taos	1,446	0.9

Second, the large size of the District creates unique programming problems that the District feel was not aware of when they set up guidelines for programs. For example, the District staff recommended that there be four redevelopment centers and that the development center be composed of three related communities (Santa Fe, Espanola, and Los Alamos). EDA designated one community in each category which the District feels is inadequate to cover the large geographical scope of the territory they cover.

Third, the Business Loan program is inappropriate for most parts of the District. It is the experience of the staff that only well financed and large blue chip companies have a chance to obtain EDA business loans. The type of firm that is most likely to locate in the District is of small size. Also, the type of firm communities want to attract are small size because of the disruptive effect that large firms would have on their local economy. A firm of several hundred employees can turn a small community into a company town overnight which is not considered desirable by local industrial groups. Business loans do not fit this situation because (1) the firms are probably too small to qualify, (2) the firms do not have the resources to devote to an expensive filing procedure, and (3) the firms are operating in a shorter time frame than that which allows a one-to-two-year wait on a loan application. Two firms were recently turned down at prefiling meetings because they could not produce adequate financial statements. Arrowhead Carpet Mills, in particular, wanted to move to the District. They had a 2-month time frame in which to make the move, but were told by EDA that it would take that long just to file the applications. The result was that Arrowhead did move in 2 months, but to Roswell, New Mexico (southern New Mexico), to occupy an existing structure. As an alternative to EDA business loans, the staff has tried to assist in the formation of local development agencies and to generate local employment in other ways.

Overview of the District's Program

The staff is an action-oriented group which is well respected in the community because of their success in bringing new money into the region. Community people with whom I spoke were amazed at the degree to which previously hostile county governments were cooperating within the District's structure. Most of these people were not happy with federal programs but considered this one to be the best around.

Though the staff sees their primary role as promoting economic development, they generally do not take the initiative in this regard. Industrial projects are initiated by the business interests. Projects defined by the counties are selected so as to distribute the wealth around the District as much as possible. At the same time, the staff is screening out those projects with low approval probabilities which is why they have had only two projects turned down (both at prefiling conferences). The one area in which the District staff is beginning to take the initiative is in housing where they are trying to activate metropolitan housing authorities.

The District staff is playing a very important role in providing technical planning assistance. It is primarily in the area of planning that the District has filled a gap in northcentral New Mexico. The chief planner, Mr. Trujillo, is working with many groups, including the State Planning Office which, surprisingly, does not have anyone with his capabilities on their staff. Mr. Trujillo is the only planner with a Spanish background in northern New Mexico.

The District office appears to be undermanned. There is insufficient staff to make meaningful contacts with outside groups. This is particularly true of the human resource specialist and the planner. There were no criticisms of the staff by outsiders which may indicate a lack of contact however. Most community people interviewed felt that the staff gets out into the community as much as they can.

The Board of Directors does not see one of their functions being the involvement of the poor in the decision-making process. Their preference is to select Board members who can get things done and represent the poor. It was the opinion of the executive director of the Taos-Rio Arriba Counties CAP that the interests of the poor were not being fairly represented in the District. He cited as an example the road project to a ski area near Taos, which, in his opinion, would not have been a high priority project to the local poor. In fact, the project has had little direct impact on the poor because wages at the ski resort for minority groups are too low and jobs are too seasonal to justify their giving up welfare payments to take them. They also cannot afford to ski.

The District's staff does not work directly with Indians, and Indians are not represented on the Board. It is difficult to place blame for this lack of Indian involvement. It is partly due to alienation between Indians and Spanish and Anglos, and partly due to the large number of agencies working directly with Indian groups.

The District staff does not involve itself in directly soliciting firms to locate in the District. They have little to offer in the way of incentives because of the inadequacies of the Business Loan Program, and because of a lack of developed industrial sites or vacant buildings. They have found EDA unwilling to fund industrial park development until tenants are committed to occupying the sites while local community groups have difficulty attracting tenants to open (and undeveloped) fields.

Summary

The North Central New Mexico Economic Development District has been successful in gaining the respect and cooperation of community leaders. The District Board is partly responsible by virtue of its ability to bring the various county leaders together and to select a well known and respected community leader to be their executive director.

County commissioners from three counties were in agreement that the District was one of the best federal programs they had ever been involved with. As evidence, they cited the cooperation of formerly hostile counties, the large number of projects funded, and the ability of the District's executive director to obtain \$2.25 million of state highway monies set aside as matching funds on road projects. It was the opinion of many people that the District is playing an important role in the community--one that was not previously served by any other group.

Persons Interviewed on Field Trip to North Central
New Mexico Economic Development District

Staff of the North Central New Mexico Economic Development District

Leo Murphy, director
Art Trujillo, planner
Nick Pappas, human resources development
George Royball, housing

District Office of EDA

Harold Martinez, EDA field representative in Santa Fe (who is terminating in one month).
John Powers, new field representative for EDA in Santa Fe

Community Leaders

Abe Martinez, Rio Arriba County Commissioner
Gene Petcheskey, Santa Fe Research and Development Corporation and the Santa Fe Chamber of Commerce
Mr. W.J. Ochterbeck, Member of EDD Board and owner of Farmway Feed and Supply in Las Vegas
Tony Elias, Executive Director, Las Vegas Chamber of Commerce
Mr. Carlos Martinez, Santa Fe County Commissioner and Chairman of County Democratic Party
Hal Lobato, New Mexico State Planning Office
John Rainer, Executive Director of the New Mexico Commission of Indian Affairs
Jack Sitton, Editor in Chief of the New Mexican (Santa Fe daily paper)
Mr. Fey, Executive Director of Taos Chamber of Commerce

Community Action Programs

Carlos Lopez, Director of Taos-Rio Arriba CAP
Nick Salazar, Chairman of the Board, Taos-Rio Arriba Counties CAP; President of the Economic Development District; and Chairman, Board of Directors, La Jara Feed Lot
David Chavez, manager, El Mercado de Taos Craftsman Cooperative (program run by Taos-Rio Arriba Counties CAP)

Meetings Attended

- (1) Manager of La Jara Feed Lot in La Jara, Colorado (a Ford Foundation project with Four Corners Regional Commission and EDA giving assistance)
- (2) Executive Board Meeting of Taos-Rio Arriba Counties Community Action Program (CAP)
- (3) A meeting of Rio Arriba County Commissioners to discuss the approval of a new subdivision (District Planner, Art Trujillo, was asked to act as consultant)

BLACK RIVER-ST. LAWRENCE ECONOMIC DEVELOPMENT DISTRICTOrigin

The Black River-St. Lawrence EDD was established in the fall of 1966. It is one of two EDD's that grew out of a predecessor organization, the North County Economic and Cultural Council, which consisted of a group of counties along New York State's northern frontier. In establishing EDDs the latter organization was divided into two parts in order to avoid an unwieldy size district. Even with this division, however, the Black River-St. Lawrence District is extremely large. It consists of four counties, St. Lawrence, Franklin, Jefferson and Lewis, and with over 7,000 square miles is nearly as large as the whole state of Massachusetts. Despite this District's chronological age of nearly 4 years, it is still in a very early stage of development.

Staff

Currently the full-time professional staff consists of the executive director, Arthur C. Mengel and one assistant, George Moore.

Mr. Mengel was formerly Director of the Port of Oswego. Prior to that he worked in industry. Mr. Moore formerly worked in the office of the area's state legislator in Albany.

Funding

Currently the only nonlocal source of support for the office is the EDA planning grant. Mr. Mengel hopes in the near future, however, to broaden the scope of and support base for the program. As a first step in this direction a grant-in-aid has been received from the New York State Office of Crime Control Planning for purposes of hiring a Crime Control Planner. In addition, an application has recently been submitted for a Nonmetropolitan 701 Planning Grant of \$53,000. If this grant is received two planning personnel will be added to the staff, and part of the costs currently being covered by the EDA program (e.g., 50 percent of Mr. Mengel's salary and part of the office overhead costs) will be shared with the HUD program.

Economic Integration

Economic integration is severely limited due to both the district's large size and lack of good transportation. Except from Franklin into St. Lawrence there is virtually no commuting across county lines. Thus, the District must be viewed as having at least three separate labor markets.

Despite the presumably above average level of unemployment in the district as a whole, Watertown recently lost a new plant because of a shortage of labor. The plant needed 100 women but an ad in the Watertown Times produced only 70 responses.

Basically there are two major metropolitan centers. The single largest city with a population of about 35,000 is Watertown in Jefferson County. The second center consists of a group of smaller urban areas: Ogdensburg (16,000), Massena (18,000), Canton (9,000) and Potsdam (14,000) all clustered in the northern part of St. Lawrence County.

In many ways these two major metropolitan areas are inherently more competitive than they are cooperative. Jobs created in one area do not necessarily spill economic benefits over into the other. This feeling is reflected, for example, in the dispute between the two areas over whether the proposed new north-south controlled access highway, the Nuway, should be routed to Thousand Island Bridge new Watertown or the Ogdensburg Bridge. It is also reflected in the divergent attitudes, as will be discussed below, towards the EDD organization.

Thumbnail Sketch

Driving through the different cities and villages in the district one is impressed with contrasts. Canton and Potsdam, both college towns, appear to be busy and prosperous. Ogdensburg by contract seems on the verge of falling apart. The downtown area is unimpressive; the houses are old and dingy looking; and the roads are full of potholes. Finally, Watertown is a mixture of extremes. Downtown bustles with activity and new construction. The municipal buildings are all bright, new and shiny. Once outside the downtown area, however, things become sort of gloomy--a lot of old, worn out wooden houses.

Specific Issues

Overall Job Situation

Overall the job situation does not seem too bad in any of the three labor market areas. As mentioned above Watertown actually lost a plant because of a shortage of female labor. In recent years they had success in attracting a number of small manufacturing plants which make high value/ton products and require low skill female labor with good manual dexterity. A motor manufacturer which recently moved from Toledo claims that the women in Watertown are 30 percent more productive. The situation for male employment is not quite so good.

The St. Lawrence-Franklin County labor market has benefited by the introduction in the early 60's of a Reynolds aluminum plant and an associated General Motors plant which makes aluminum Chevy engine blocks. The establishment of these two plants was made possible by the increased electric capacity that resulted from the St. Lawrence Power Project. Aluminum production could be expanded further if more power were made available. Less power is now available than otherwise would be the case because some of the power generated locally is transferred outside the region via the power grid to supply down-state cities like New York.

In addition to aluminum, the area has benefited from the expansion of several colleges: St. Lawrence University, a State Agricultural College in Canton, and Clark Technical Institute and Potsdam State Teachers College in Potsdam. Future growth in this industry seems inevitable.

Finally, in the district's third labor market, Lewis County, things are also going fairly well. A number of new plants have moved into the county in the past 5 or 6 years. A new Kraft plant will be moving in soon. Their main problem is to keep from losing what they have. New pollution standards are beginning to cause some problems in this respect. The Georgia Pacific Plant in Lyons Falls, for example, needs to build a \$2 million treatment plant to meet state standards. They are talking about going out of business.

Problems

Although the overall situation is fairly good as far as number of jobs available now is concerned, the district does have problems. Many of the jobs pay low wages and are highly seasonal. Agriculture and tourism, both important industries in the district, are particularly bad in these respects. Besides this, some of the industries in the area are in a declining trend. This is true not only of agriculture but also of the pulp and paper industry. This latter industry accounts for about a fourth of the district's manufacturing jobs and is being threatened by obsolete equipment, depletion of raw material, and costly new water pollution abatement requirements.

In general, the major barrier to attracting new industry with better jobs is the district's geographical isolation and poor access to major market areas. This problem is partly due to significant natural barriers which surround the district, i.e., the Adirondack Mountains, Lake Ontario, and the St. Lawrence River, as well as lack of good road, rail and air transportation links to the outside.

Related to this are the poor transportation links inside the district. This factor contributes heavily to the difficulties in generating local participation, leadership, and regional cooperation.

Role Conception

The EDD staff views its role as helping to (1) mobilize and motivate local effort, (2) provide leadership, and (3) get things started. Priority is given to public projects and infrastructure development as opposed to direct involvement in industrial prospecting. This latter activity is avoided because being too involved in getting a new plant for one area would jeopardize relationships with other areas. Besides many of the municipalities in the district have their own industrial development corporations to serve this function.

Effectiveness

There is definite evidence of positive impact. Three projects have gotten underway through EDA funding. These include (1) the construction of an educational television facility based in Watertown but to serve the entire district, (2) an interrelated set of projects aimed at improving the suitability of sites near the Ogdensburg Bridge for new industry, and (3) a new sewage facility in Huevelton that will allow that village to retain some of its processing industry. Respondents involved directly in these projects attested to the fact that the EDD staff were very instrumental in getting these projects off the ground.

In addition to the projects, there is some evidence of positive effects on local mobilization and participation. This effect, however, seems to be somewhat unevenly distributed. In St. Lawrence County, where the District office is located, people from the various communities seem to be getting together and talking about common problems more than ever before. People who relate to the program in Lewis County feel that it is filling a definite need. They are building relationships with people in other counties in the district. They look forward to the district meetings because when they attend they always learn something.

In contrast to these responses, attitudes towards the program in Jefferson County, the major growth center, are highly mixed. In general, there is considerable more skepticism about the value of the program. The mayor of Watertown feels the EDD is just another middleman that they have to go through to get funds. The Director of the county's industrial development corporation feels that the program does not do him any good. Both these latter respondents seemed resentful over a proposed \$50,000 study (in the HUD 701 application) to determine housing needs. As far as they are concerned everybody already knows there is a need. "We need more housing not more studies."

The skepticism in Jefferson County about the value of the EDD program springs from several sources. First, there is some feeling that because of their location the EDD staff helps St. Lawrence County more than Jefferson County. Second, Jefferson County has a much stronger political organization

than the other counties in the district. The head of the Board of Supervisors has good connections with Rockefeller and so forth. Related to this, in contrast to the other counties, Jefferson has several of its own full-time professional staff including a city manager and county planner. Both these latter two factors reduce the need for help in dealing with higher levels of government.

Priorities in Jefferson County

While Jefferson County generated the most skepticism about the EDD program, it somewhat ironically, also showed the most glaring lack of ability to get its own house into order. While nobody agrees on what should be given top priority, everyone seems to agree that what is being done should not be top priority. The mayor of Watertown, for example, gives top priority to building a new convention center to encourage the boom in convention business. "No need to build new industrial parks because there will always be a place to put a new firm". The head county planner, on the other hand, places top priority on building a comprehensive water and sewer system to extend service outside the City of Watertown to the rest of the county. This he claims is necessary if the area is to fully exploit its growth potential. The director of the county's industrial development corporation, in contrast to the mayor, feels that spending on a new convention center would be ill advised because of the seasonality and uncertainty of the convention business. He agrees that water and sewage facilities might be helpful in attracting new industry. So far, however, he claims that while the county has lost a plant for lack of labor, it has not lost any plants for lack of water and sewage facilities.

While no one agrees on what should be top priority virtually everyone agrees that certain things should not be. For example, for purposes of economic development all agree that top priority should not be given to educational television. Recall, this is the one project in the county currently being funded by EDA.

Everyone also agrees that building another bridge to Canada, a project currently being promoted by the Thousand Island Bridge Authority would be low on their list. The Bridge Authority apparently is one operation in the area that is making good money. In fact, they are making such good money that they are in danger of paying off all their debt. This would legally put them, i.e., the Bridge Authority, out of business. The operation of the bridge would then revert to the county which, because it put up the original investment capital in the 1930's, is the ultimate owner. This, however, would be bad because the county would (for some reason) have to charge lower tolls. This would disrupt the bridge toll structure all along the river. Besides, to the County Board of Supervisors, who control appointments to the Board of Directors, the plush Bridge Authority represents a political plum.

The upshot of the situation is that the Bridge Authority is desperately searching for some new project that would enable them to go safely back into debt. To get into activities other than the bridge business they would need a change in their enabling legislation. This, however, seems to present no real problem. They have already gotten new legislation passed that would enable them to operate the local airport. They view this as a backstop project, in case the new bridge doesn't come through. Conceivably, they could, as the Ogdensburg Bridge Authority has already done, get into activities more directly related to economic development such as industrial parks. Despite these and other possibilities, which make more sense from an overall regional viewpoint, the Bridge Authority is intent on building a new bridge. There is apparently some justification for this position due to the congestion that occurs on the existing bridge. On peak summer days traffic is sometimes backed up for 2 or 3 hours. Closer analysis, however, reveals that the back up invariably occurs at customs. That is, the bottleneck is not bridge capacity but customs capacity. Question: Instead of building a new bridge why not add more customs officers? Answer: You know the Customs Bureau, they won't add new customs officers unless you first build another bridge. Ultimately, it seems to boil down to the fact that the Bridge Authority knows the bridge business and is doing well in the bridge business. So why should they change?

The Federal Role

When asked why so-called top priority projects are not being promoted as much as lower priority projects, the answer typically involves reference to the federal role. It involves the recurring theme that there is no real priority-setting process at the local level because locals merely respond to carrot dangling by the federal (or sometimes state) agencies. Thus, according to the mayor, "We're not promoting a new convention hall because we know there is no money available for that". Money is available for planning industrial parks so that's what we're doing. The county planner's top priority, a comprehensive water and sewer system, is not being promoted for similar reasons. "Such a system is much bigger (estimated cost 4-8 million) than one that would serve only an industrial park which is all EDA would go for." He hopes HUD, assuming the new HUD program comes through, will be more receptive.

The educational television project also fits the "carrot-dangling" hypothesis. In this case the carrot was a special state TV fund which pays a major part of the operating expenses. According to the ETV director, the major problem was getting construction money. After failing to get funds through HEW a probe was made, with the help of local EDD staff, of EDA. At first EDA gave positive signals so that a formal application was submitted. Subsequently, EDA began giving negative signals. Someone got cold feet because EDA had never funded an ETV station before. Also, at the time EDA was coming under fire for funding golf courses. Finally, with the help of pressure from political representatives the grant (for about \$1 million) got through. Major complaints about the federal role in this case were: (1) too much meaningless red tape, (2) bureaucrats in Washington always want to be on the safe side so they're afraid to make decisions, and (3) too many mixed signals coming from EDA.

Future Funding

Next year future funding of the EDD program might become an issue in Jefferson County. Continuation of current funding levels from other counties seems assured. Some increased local funding might also be a possibility at some point before full funding would become too much of a burden.

CONCLUSION

The EDD planning grant staff in this District has had some success in sparking local participation and cooperation. Their success is clearly much greater in the counties outside the Jefferson County growth center. The District is still in an early stage of development and has much room for further improvement. However, there are several severe barriers to achieving a unified regional viewpoint and healthy priority setting development process. These include (1) the large physical distance between the communities in the District, (2) the inherent elements of competition between the two major metropolitan areas in the District, and (3) the "carrot dangling" relationship, whether actual or merely perceived, between the locals and the "feds".

ORLEANS COUNTY, NEW YORK, REDEVELOPMENT AREA

Organizational Background

Orleans County first established an Area Redevelopment Committee in December, 1962. It was not until 1968, however, when it received its first planning grant from EDA, that it hired a full-time economic development director. Currently this director, Mr. Raymond Pahura, runs a one-man operation. By virtue of his life-long involvement with the community; his diversified background in engineering, real estate, politics, and civil service; and his friendly outgoing personality, he is ideally qualified for the job. He is in close communication with key people, he has a detailed knowledge of what is going on, and he is sensitive to the attitudes and needs of different segments of the population in the county.

Thumbnail Sketch of Area

Orleans is a single county redevelopment area located on the south shore of Lake Ontario between two major cities, Rochester and Buffalo. It is predominantly rural, having a total population of only 39,000, including about 2,000 nonwhite former migrant farm workers. The two major villages, Albion and Medina, have populations only slightly over 6,000 each.

Table 1 reveals the main features of the employment situation as it recently existed in the county. The bottom part of this table shows the agricultural character of the local economic base. Subtracting out local servicing employment (e.g., retailing, service trades, etc.) we see that 55 percent of the remaining jobs are on farms. Moreover, another 31 percent of base employment is in food processing; i.e., canning plants which depend on the agricultural resource.

The top of Table 1 shows that of the total resident labor force of 16,000 a very substantial part, about 5,000 or 30 percent, commute to jobs outside the county. Typically these are more year-round and higher paying jobs (e.g., at Eastman Kodak or Harrison Radiator) than are available inside the county. These better jobs are not obtained without a price, however, as many necessitate long distance commuting over relatively poor roads.

Specific IssuesProblems

The major blow to the local economy in recent years has been the departure of several food processing plants. Five years or so ago, the H. J. Heinz Company with 400 regular and 700 peak employees left; in 1968, Birdseye

TABLE 1. BASIC EMPLOYMENT DATA ON ORLEANS COUNTY 1968^(a)

<u>Labor Force</u>	16,000	
Employed in County	10,000	64%
Commute outside County	5,000	30%
Unemployed	1,000	<u>6%</u>
		100%
<u>Employed in County</u>	10,000	
Basic	4,200	42%
Nonbasic	5,800	<u>58%</u> (ratio 1 to 1.4)
		100%
<u>Basic Employment</u> ^(b)	4,200	
Agriculture	2,300	55%
Food Processing ^(c)	1,300	31%
Other Manufacturing	600	<u>14%</u>
		100%

^(a)Battelle approximations derived from OEDP and other sources.

^(b)This figure varies considerably over the year because of seasonablity in food processing and agricultural activities. If employment were counted at the low point in the year on the order of 1,000 less people would probably be employed. This would double the level of unemployment.

^(c)This figure does not take the recent departures of Hunt and Wesson and Birdseye into account.

with employment between 100 and 400 left; and in just this past year Hunt and Wesson with employment between 50 and 350 left. These plants are relocating in the South where they can take advantage of a longer growing season.

A glance at Table 1 shows how the loss of even one of these plants, especially taking all the ramifications into account, can have dramatic impact on the local economy. Indeed, interviews confirmed that these ramifications have been and are being felt. Farmers who formerly supplied the food processors and who have been unable to find new markets are hurting badly. Some farm land may end up going fallow. Unskilled seasonal workers, many of whom are among the poor former-migrant black segment of the community, have lost an important source of income. Local retail trade, as evidenced by the large number of vacant stores in both downtown Albion and Medina, is languishing.

Role Conception

In face of the crisis created by the departing firms, Mr. Pahura has placed primary emphasis on helping, in any way he can, to bring new industry into the county. He hopes, in particular, to replace the departing food plants with a more diversified year-round type of industry base. In addition to this, he views himself as helping to encourage, support, and catalyze local people in relation to various activities and projects that he feels are necessary for the longer run development of the county. He would place top priority here on getting water and sewer service extended outside the villages to make room for growth in housing and industry.

Effectiveness

All the evidence indicates that Mr. Pahura has been outstandingly effective in relation to his top priority effort. He has played a significant role in attracting two new firms into the former Birdseye and H.J. Heinz facilities and he is currently playing a similar role in relation to the recently vacated Hunt and Wesson plant.

The story of Fisher-Price Toy Company's recent decision to locate in the county provides a good illustration of Mr. Pahura's role.* By way of background, it is worth noting that this single decision may well have a dramatically favorable impact on the local economy. The company is starting production in April, 1970, with about 50 employees and eventually expects to employ as many as 1,000. This would make it the largest employer in the county. Since most of the jobs have low skill requirements the company expects to be able to use the former migrant field workers even though they may need

* This story is based primarily on information received from the Vice President of Fisher-Price who was heavily involved in the plant location decision and is currently in charge of operations at the new plant. Confirming evidence came from other sources.

to be oriented to a "factory culture". Also the company anticipates upgrading the skills of local people to fill certain more demanding mechanical jobs. In comparison to the food processing operation that it is replacing, the toy factory will (1) provide somewhat higher pay, (2) provide significantly more regular year-round work, (3) because of their plans to operate 3 shifts a day seven days a week, provide significantly more jobs per square foot of plant space,* (4) make less demands on local water and sewer facilities, and (5) cause substantially less environmental pollution.

In the process of seeking a location for their new plant, Fisher-Price considered many alternatives throughout the eastern half of the United States. They focused their search on semi-rural areas because they felt these areas would best satisfy their labor needs. Several factors favored Orleans County over other such areas. First, being reasonably close to their home office, Orleans provided easy access for their busy higher level staff in case problems should arise. Second, having a suitable building complex available, the Orleans location would allow minimum delay in getting started. This was important because their last year's sales had grown faster than anticipated and they had bumped into production bottlenecks at their two existing sites.

The one major uncertainty in the Orleans situation pertained to the local labor supply. Fisher-Price wanted assurance that 250 suitable workers would be readily available. They placed little credence in what they considered to be the exaggerated claims on this score by the owner of the buildings because he obviously had an axe to grind. The local Bureau of Employment, in the meantime, indicated that the labor Fisher-Price wanted was not available in the county. This information produced considerable resistance to the Orleans location at the home office. It was under these uncertain circumstances that Mr. Pahura suggested and subsequently placed a help wanted advertisement in the local paper. Within four days after the ad appeared, he received nearly 800 calls expressing interest! Ultimately, over 1,200 people responded. Interestingly, a high percentage of these responses were from people who currently commuted to jobs outside the county and were interested in working nearer home. No doubt this helps explain the contradiction between Mr. Pahura's and the Employment Bureau's information. Needless to say, this overwhelming response, through what they considered to be a highly credible source, convinced Fisher-Price that the labor they needed would be available. They made their decision to move into Orleans County. The success of their preliminary recruiting efforts have since confirmed their expectations.

Impressed with Mr. Pahura's knowledge of the local situation and credibility the Fisher-Price manager says he will continue to depend on him for assistance in developing relations with the local community.

With the old H. J. Heinz complex accounted for, Mr. Pahura is now putting top priority on trying to fill the recently vacated Hunt and Wesson

* Once they get their plastic extrusion machine running, it pays to keep it running around the clock.

facility in Albion. He hopes, in the latter case, to avoid the prolonged vacancy (i.e., over 4 years) suffered in the case of the former. Several companies have already expressed an interest in using parts of the facility but have been forestalled by Hunt and Wesson's high asking price. These industrial prospects estimate that the property is worth about \$1 a square foot or a total of three to \$400,000. Taking relative conditions into account, this appears to be in line with prices paid for the old Birdseye and H.J. Heinz plants. Currently, however, Hunt and Wesson is asking a total of \$1.2 million.

This problem was discussed at a recent meeting of the Albion Chamber of Commerce. Invited by the president to attend, Mr. Pahura played a key role at this meeting. He was the only person at the meeting who was well informed about the details of the situation and effectively communicated his knowledge. As an outcome of the meeting, the Chamber of Commerce decided to write to Hunt and Wesson expressing an interest in taking an option on the facility. It is not clear how such an option or its exercise would be paid for. Nevertheless, Mr. Pahura hopes that this expression of concern by a group of local businessmen will provoke Hunt and Wesson into some kind of favorable response.

Local Participation

The formal structure of the program consists of a development committee and Mr. Pahura. The committee consists of local political, business, and banking representatives but has no minority group representation. The lack of minority representation is not of much concern to any of the local parties involved. One reason for this is that the committee is inactive and has no apparent influence on the decision process. In addition, the black leaders in the community (1) know Mr. Pahura from his association with the Community Action Program, (2) have confidence that his program will be consistent with their interests, and (3) are currently preoccupied with what they consider to be more pressing problems on the civil rights front.

Despite the lack of apparent local participation within the formal structure, in reality, there is considerable participation. This participation occurs informally through the interaction of Mr. Pahura with local leaders of different segments of the community. It is elicited, as witnessed in the discussion of the Hunt-Wesson plant, in connection with specific problems as they arise.

Future Funding and Viability of Program

An EDA planning grant pays for \$25,000 out of a total budget of about \$35,000. Local support includes an in-kind contribution of office facilities that would probably otherwise go unused. Ideally, Mr. Pahura would like to have enough additional funds to hire an assistant. At this point, however, he appears more concerned about just maintaining the existing level of funding. There is a good possibility, especially if Fisher-

Price expands as anticipated and new industry is brought into the old Hunt-Wesson site, that the county would be redesignated by EDA. Although local funding might be increased beyond current levels, it is unlikely to be increased enough to pay for the entire program. This appears to be primarily due to the lack of local funds rather than lack of local enthusiasm over the program. Local officials, in fact, seem highly pleased with the program. As one county official put it, if they were not pleased they would never have approved Mr. Pahura's recent \$500 raise.

Conclusion

The EDA planning grant program in Orleans County has been worthwhile. Its success is in no small way attributable to Mr. Pahura's personal effectiveness and knowledge of and interaction with the local community.

CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICTOrigin

The Central Oklahoma Economic Development District was incorporated by the State of Oklahoma June 1, 1966. The district was formally designated as an EDD on June 7, 1967 with the acceptance of the OEDP.

The idea for the EDD, and much of the effort in setting it up, came from Mr. W.B. Moran, the City Manager of Shawnee, and Mr. G.M. Ogden, a member of the Shawnee Chamber of Commerce. The original district consisted of the counties of Lincoln, Seminole and Pottawatomie. When the district composed of these three counties was found unable to qualify, since it contained only one Title IV county, it was expanded by each county undertaking to solicit the participation of one of its neighboring counties. Currently COEDD is composed of the following counties: Lincoln, Seminole, Pottawatomie, Creek, Hughes, Okfuskee, Pawnee and Payne. These counties make up a geographical combination that is approximately 100 miles (North-South) by 60 miles (East-West), approximately 6,000 square miles.

Staff

Currently the full-time professional staff consists of the Executive Director, Earl V. Price, and four others: Howard Vincent, Director of Health Planning; Timothy Sperry, Health Planner; Hershel Lamirand, Economic Planner; and Robert Branton, Systems Analyst. Mr. Price is a graduate of Kansas State University and a past president of the National Association of Development Organizations (NADO). He is an articulate and dynamic individual, a "mover and a shaker" to quote his staff which holds him in high regard, as do the board members. Mr. Price has testified before Congress on the problems in the districts and on possible solutions. He is an extremely capable individual.

Mr. Vincent was formerly with the Public Health service and holds a masters degree in health planning as does Mr. Sperry. These two individuals have managed not only to overcome the opposition of organized medicine to health planning in the area, but to engage local physicians in a dialogue with consumers of medical services. COEDD was funded as an Areawide Comprehensive Health Planning Agency in June 1968. Recently, there were over 500 local individuals participating in COEDD health activities.

Mr. Branton, the newest member of the staff, was formerly with IBM and is a qualified computer programmer, systems analyst and mathematician who "grew up" in the local area. On the whole the staff is articulate, well informed and analytically capable by all appearances. Currently several additions to the staff are being considered, the most likely of which is a Youth Coordinator to be funded through the President's Council on Youth Opportunity.

Mr. Price was selected as executive director from among approximately six applicants. While not native to the Oklahoma area, Mr. Price is a Midwesterner, having spent his youth in Kansas, and therefore has much in common with individuals in his district.

On the question of economic integration there are several notes that should be made. First, the district is closely bounded on the Northeast by the City of Tulsa and on the Southwest by Oklahoma City. These two cities are tied together by an interstate highway running through the district. In addition, an interstate highway runs East and West through the southcentral section of the district. There are also a number of highspeed roads running North-South through the district. Thus, via its transportation network the district is fairly well integrated.

Within the district are two cities of approximately 25,000 population each, Stillwater and Shawnee, and one of approximately 16,000, Sapulpa. The location of major population centers and hence economic activity would appear to draw people from the interior of the region to the Northwest, Southwest and Northeast corners of the EDD, especially the two latter. However, by comments from various sources it appears that the district members feel they make up in cooperativeness what they may lack in apparent economic integration. Then, too, neither Creek County nor Pottawatomie County want to be "swallowed-up" by the respective metropolitan bodies and prefer COEDD association, the latter being composed of communities more nearly like themselves in composition. There is pressure at the state level to make Creek County part of the Tulsa metropolitan group and the City of Shawnee and County of Pottawatomie a part of the Oklahoma City metropolitan group, the respective councils of government.

Committees

Currently the district has a board of directors composed of 32 members appointed by the constituent governments. Of these members a minimum of eight are elected to the executive committee, at least one from each county plus the officers of the board of directors. Both the size of the board and the manner of the election of members is being analyzed within COEDD to see if the board of directors can be brought in to closer harmony with the one man one vote philosophy. Various schemes for direct, popular election of the board of directors are being investigated. This investigation has the support of both the staff and the board of directors.

There are two operating commissions or broad functional committees, the Health Commission and the Crime Commission with approximately five hundred and one hundred forty active members respectively. Under each commission are committees and taskforces addressing particular problems. For example, in health there are the three broad categories of facilities, manpower and service. Within each of these areas may be a number of taskforces concerned with, for example, the availability of R.N.'s, additional vocational facilities for the training of LPN's, hospital services and so forth.

Currently in the formative stage is the Economic Development Commission with a planned active membership in excess of 1,000. Other commissions will be added in functional areas as COEDD becomes involved in other areas and obtains additional funds.

In terms of minority representation, there really isn't any at the board of directors level. Of the twenty-five board members who attended a recent board meeting there appeared to be one Negro and no Indians. This did not bother the executive director since he interpreted his charge to be to help the poor and disadvantaged irrespective of their minority or majority affiliation. It should be pointed out that the Indian and Negro populations are relatively small, each being approximately 10 percent of the total district population. It should also be noted that a board member mentioned that through the health commission task forces, for the first time illiterate and poor blacks have been able to sit down and enter a dialogue with a physician concerning their health needs.

Most of the board is composed of local politicians and businessmen. These people seem to be extremely active in EDD affairs. One board member spent his own money on two promotional trips to the East coast (total 12 days) for the EDD.

Funding

While there was a strange reluctance to give the investigator a copy of the budget in an otherwise completely open atmosphere, the following approximations can be offered. The district budget consists of:

HEW (Health planning)-----	\$66,000
EDA (Planning grants)-----	\$56,000
Law Enforcement-----	\$12,000
Local Share-----	\$30,000

plus a small amount of private money, which helps explain why these figures do not add to the stated overall budget of \$181,000. The local share is allocated among the constituent governments roughly on the basis of population.

Thumbnail Sketch

A drive through the district gives the impression that it is on the whole rather prosperous. The cities, especially the larger ones, appear to be well kept as do the older farm houses. The contrast with North Central Mississippi Economic Development District is startling.

There are a number of new "municipal" buildings in the district and the central business districts of the cities do not show evidence of decline. Added vigor is given the district by the presence of a number of post secondary

educational institutions including vocational schools, junior colleges and colleges, the largest of the latter being Oklahoma State University at Stillwater.

The board of directors, the district staff and interested members of the community project an air of enthusiasm and dynamism. There is also an apparent desire on the part of all parties to increase community involvement in COEDD affairs.

Specific Issues

The Central Oklahoma Economic Development District is relatively well established. Without claiming responsibility for any projects, the executive director said COEDD has participated in efforts that resulted in \$3½ million of EDA money coming into the district and \$22 million of new industry that led to the creation of 2,500 new jobs in the district. In addition, Mr. Price estimated that in the past 500 working days his staff had been involved in 600 meetings, approximately one half of them in the evening. Judging from the scheduled "grass roots" health meetings held, the estimate is not far wrong. Thus, from both the physical evidence and from staff-community interaction it appears the district is quite active. Judging from the reaction of board members and community leaders COEDD is well established and the staff respected.

Problems

The main problems as viewed by staff and concurred in by board members are:

- (1) Inadequate citizen participation
- (2) Inadequate public information and education
- (3) Necessity of getting out of narrow functional areas and broadening the activities of COEDD
- (4) Necessity to use local resources more effectively
- (5) Necessity for finding means of making COEDD financially independent
- (6) Inadequate served health needs
- (7) Water and sewer needs.

The staff was aware of the desirability of obtaining more jobs and actively supports, in a staff capacity, industrial prospecting. They also realize that job creation is not the only relevant goal. In fact, the executive director said that job creation, especially in smaller communities, created other social and environmental problems, such as housing and education problems, which must be solved. The staff also perceived problems with respect to vocational education and law enforcement and were moving to alleviate them.

An attempt is being made to remedy what the executive director perceives as an inadequate level of citizen participation. This is being done through speaking engagements by the staff and an attempt to get the board members to do more promotional work aimed at increasing citizen participation.

The executive director and his staff seem to promote citizen participation at every opportunity, whether it be a board meeting or a public speaking engagement. Similarly, there is an attempt to publicize COEDD activities through mailings and the local press. In the realm of education and the more effective use of district resources, the director attempts to "educate" his board members at the board meetings about the necessity and meaning of efficient resource allocation.

Too often a community applies for all the federal money for which it qualifies and ends up "bankrupting" itself before the federal till is closed. That is, they keep applying for federal grants until the required local matching share exhausts the community's bonding capacity. This has happened in approximately six jurisdictions in COEDD. Mr. L.V. Watkins, Executive Director of the Eastern Oklahoma Economic Development District, concurred that this was the tendency of members of his district also. This allocation concern also spilled over into the problem of "realistically" assessing local resources, including not only what resources are available but also if and how they can be tapped, irrespective of what the statistical indicators in the OEDP may reveal.

Mr. Price and Mr. Watkins were both concerned with broadening the functional areas of their district programs to get out of the new job, water and sewer, and business loan straitjacket. It was suggested that the appropriate role for the EDD's to play was that of a broad umbrella over all programs of district wide concern.

On this latter point, the six EDD executive directors in Oklahoma, with the aid of Governor Bartlett and Assistant Secretary Podesta, were proposing an intergovernmental cooperation plan that would in effect make the EDD's the focal point for all federal programs. In COEDD this plan was described to the board of directors which debated the issue and then decided if the program came into effect they would participate--incidentally the executive director did not visibly influence the outcome he just presented the facts. Mr. Price, it might be noted, viewed the "super-EDD" with mixed emotions. He tried to indicate to the board that any expansion of COEDD's activities would entail shared responsibility with the board and a necessity to increase the boards role as well as obtain greater citizen participation.

Through these "super-EDD's" a number of problems could be solved. For example, COEDD because of state law, administrative regulations and the lack of a land use planner, is not a HUD recognized planning agency. Therefore, the communities do not have access to HUD funding through the district. The director asked the rhetorical question, how can HUD solve the urban problem without simultaneously solving the rural problem? (Mr. Price was responsible

in part for getting EDA's eligible for HUD 701 money.) Other coordination problems are involved in having a number of federal agencies funding the same types of programs but having different requirements. For example, on the representation issue HUD specifies 2/3 of the representation be by elected officials, HEW specifies 51% consumer representation, and EDA requires minority representation.

In the health area the primary problem is a segmenting of resources. For example, the Indian population has its own medical facilities provided by the Bureau of Indian Affairs. This often leads to small communities having 30-40 bed municipal hospitals and 30-40 bed Indian hospitals neither of which operates at a reasonable capacity. Progress has been made by the COEDD staff in the health area. In Payne County the COEDD staff played an instrumental part in overcoming organized medicine's objection to a county health department. In fact organized medicine has passed from active opposition to COEDD health planning activities to participation in them.

Role Conception

The staff views its role as follows:

1. To educate interested parties. The staff is actively engaged in efforts to educate board members and others of the necessity to allocate resources and to plan activities in advance.
2. To encourage and support, in a staff capacity, industrial "prospecting". It should be noted that the State of Oklahoma has an industrial "prospecting" arm which turns over interested contacts to suitable communities.
3. To provide some degree of staff technical services to local elected officials, particularly the smaller jurisdictions.
4. To serve as a source of information.
5. To encourage local people to do planning, create project ideas, make project applications, and so forth.
6. To promote greater citizen participation.
7. To provide a coordinative vehicle for district planning and for the interface of local desires and federal programs.

Among the current activities in COEDD is one to explore means of making COEDD less dependent on the financial resources of taxing bodies. Briefly one of these means is a highly imaginative scheme to allow the disadvantaged, poor mothers with small children, the handicapped and the like to do keypunching at home by touchtone telephone. The program would be administered by a Trust whose members would be appointed by the COEDD board.

This scheme would not only supply jobs directly to the poor, but would also provide COEDD with an independent income. After a great deal of promotional effort by several board members, Humble Oil Company and City National Bank of New York have expressed interest in the scheme, known as Project Homework.

OEDP

The COEDD OEDP was prepared by a consultant--Parker, Jones, Parker and Associates--and is out of date. Mr. L.V. Watkins, Executive Director of the Eastern Oklahoma Economic Development District mentioned that the OEDP's are not dynamic instruments. Mr. Price and Mr. Watkins indicated that the OEDP does not communicate. That is, the OEDP says nothing about local political and community frictions or the degree of preexisting local intergovernmental cooperation. The OEDP's are not development plans.

Constraints

Mr. Watkins suggested that there is a constraint on every district that is only slowly overcome. Initially the district staff must support the projects that someone is willing to sponsor, irrespective of whether they are the best possible projects. It is only later that the EDD staff can worry about a coordinated plan and growth strategy, hoping to educate participants as they go along.

The staff of COEDD feels they are constrained by citizen participation or the degree of it. The executive director is willing to add new functions and responsibilities to COEDD but only if citizen participation increases commensurately. In spite of efforts to increase citizen participation, many people are just not interested.

Another barrier is that COEDD is not an approved HUD planning agency. In particular this is important where water and sewer needs cannot be shown to be job connected, i.e., the EDA program is incomplete, if its goal is revitalization of depressed areas.

Other Issues

Mr. Price and Mr. Watkins stressed that the most important function served by EDA was the provision of "seed" money to get planning activities started. Even though the planning grant is now only about one third of the COEDD budget, without the planning grant it is unlikely that there would be any district planning body similar to COEDD.

The staff and community members also stressed that the COEDD staff brought expertise to bear which was unavailable before the planning grant. This also resulted in greater coordination within the district and more cooperative ventures such as the new vocational-technical school.

The acceptance of the COEDD staff as a source of expertise also helped shape the direction the planning activity would take. This result occurs because "unsolicited business" is brought to the staff which for local acceptance reasons must be serviced. Thus, staff resources may have to be used on issues totally unrelated to growth or citizen involvement narrowly conceived.

In this district the board of directors takes an active part in the EDD's conduct and affairs. The board of directors gives every indication that they are an independent policy making or review body, leaving the Executive Director to carry-out the policy in the manner he deems best.

Suggestions and Recommendations

The Oklahoma Executive Directors had a number of suggestions and comments to make, particularly Mr. Price.

- (1) Unemployment rate statistics may be inappropriate measures of actual conditions. Mr. Price indicated that outside of a labor market area the unemployment rates may be meaningless. It was pointed out that conditions do not really change much over a linear distance of two miles irrespective of administrative or political boundaries.
- (2) Dedicating a county may lead to a revision of district boundaries in an effort to remain eligible as an EDD. This may disrupt the planning process and negate some of the progress already made.
- (3) The business loan program has too much paper work and the waiting period is too long for the program to be successful.
- (4) The A-95 clearinghouse function is burdensome and uses staff time yet no additional funds are provided to carry out the clearinghouse function. It might be noted that COEDD is computerizing the A-95 operation. To date there have been no perceived benefits in being an A-95 designee.
- (5) The growth center concept and current program administration may misdirect resources toward bricks and mortar rather than toward institutional changes and innovations that may lead to better distribution and better allocation of resources. Growth centers do not need assistance as badly as other areas in a district.

- (6) To get districts to order priorities it would be useful to give them a block grant and let the districts allocate the money. For example, each district might be given a \$50,000 technical assistance grant. What in effect now happens is that priorities are overlooked because the local jurisdictions view the federal treasury as an inexhaustible source of funds. They do not need to follow their priorities since there is no preceivable upper limit on available federal funds.
- (7) Efforts be made to promote greater uniformity of requirements and paperwork for the different federal programs.

Conclusion

The COEDD staff can be realistically characterized as dynamic and innovative as well as effective. They appear to be making progress toward both their tangible and intangible goals. They work effectively through and with the communities. The staff has the personal characteristics and the ability to deal with people that insures successful local coordination and cooperation.

PINE RIDGE RESERVATIONBackgroundComposition of the District

The Pine Ridge Reservation housing the Oglala Sioux Tribe lies in the counties of Bennett, Shannon, and Washabaugh in southwestern South Dakota. The Planning Assistance Grant is made to the Oglala Sioux Tribe and the program is known on the Reservation as the "Oglala Sioux Planning Office".

Population

The Pine Ridge Reservation, bordered on the South by the State of Nebraska, encompasses 4,340 square miles and is the second largest Indian Reservation in the United States.* The total resident Indian population is approximately 11,000, growing at the rate of slightly under 3 percent per year. In terms of population, Pine Ridge is the fourth largest Indian Reservation in the United States. The town of Pine Ridge, the location of the Tribal Offices, has a population of about 1,250 persons.

District Formation

The Pine Ridge Reservation is a designated Redevelopment Area. Originally, under the ARA program preceeding the EDA program, the Reservation was part of the NEKOTA Redevelopment Area. At that time the NEKOTA Redevelopment Commission was composed of representatives of the Tribe and non-Indians on and off the Reservation, including communities in Nebraska. The original OEDP, which is the most current, was prepared by this Commission. Under the EDA program the Planning Assistance Grant is made directly to the Tribe through the Tribal Council. The Tribal Council is an elected body of 37 members,** including five officers headed by the Tribal President, that runs the affairs of the Tribe and represents them in all matters. Members of the Council are elected every two years. Since the first election in 1934, no officer of the Council has ever succeeded himself in office. The Executive Council (five officers) of the Tribal Council recruits the planning program staff. The first grant was made in May, 1968.

* The Navajo Reservation is the largest.

** This number will be reduced in the near future.

Economy

Resources on the Reservation are lacking. The main resource is land. About 63 percent of the Reservation land is Indian-owned. This is supposedly a very high degree of ownership. (The neighboring Rosebud Reservation is only 32 percent Indian-owned, for instance.) The principal employment opportunities are in agriculture, livestock, and, of course, government (about 60 percent). It is estimated by the staff that anywhere from 50 to 60 percent of the available work force is unemployed at any one time. (The available work force is slightly over 3,000 persons). The average annual family income on the Reservation was reported as \$2,175 in the 1960 Census. About 70 percent of the families had incomes of under \$3,000 annually.

One light manufacturing plant located in Pine Ridge in 1966. This company makes "Oglala Sioux" Moccasins and distributes them nationally in what appears to be a fairly efficient operation. The company was brought in through the efforts of the Pine Ridge Development Corporation, which was in existence before the inception of the EDA program. The company employs close to 100 people, most of whom are Indians. About 45 of these people do beadwork in their homes, while the rest work in the plant. Further expansion is contemplated since, due to a capacity constraint, the company cannot keep pace with orders (they presently are producing about 1,000 pair of moccasins daily and would like to make 1,100). The company, originally known as the Dakota Moccasin Company, closed down in its first year of operation due to mismanagement and labor problems, but the Development Corporation worked hard to iron out these problems so that now the company is highly successful. This is the only manufacturing industry on the Reservation.

Thumbnail Sketch

Staff

The Oglala Sioux Planning Office has a staff of three people, including a full-time secretary. The Executive Director is Ben Eagleman, a member of the Tribe. He is the second Director of the District, succeeding the first Director in December of 1968. He has a background in administration. The Economic Planner is Colonel Katt, a non-Indian. The Colonel is a retired Army chaplain who has lived in the area most of his life. He came to the Planning Office after several short stints in various government posts--the BIA and Public Health Service primarily. The Planning Office is located in the Tribal Council Offices in what was formerly the BIA building in the town of Pine Ridge.

An unofficial fourth member of the staff is the Programs Officer for the BIA, David Varmette. He was observed to take a very active part in the planning activities of the Planning Office.

Committees

No functional or other committees have been set up under the authority of the Oglala Sioux Planning Office. The Oglala Sioux is a highly organized Tribe and has numerous standing committees which can be used for Planning Office purposes.*

Funding

The Planning Assistance Grant for 1968 was in the amount of approximately \$40,000; in 1969 it was in the amount of \$38,550. The Tribe contribution of about one-third of the above amounts was both in cash and in-kind, the major in-kind contribution being office space and use of Tribal Council building facilities.

Objectives

The principal objective of the Oglala Sioux Planning Office is to create new jobs for residents of the Reservation. They hope to do this by developing a large network of small "cottage" industries throughout the Reservation which utilize basic Indian skills and by attracting light water-using** small industries to the area. They also hope to exploit the significant tourism/recreation resources on and near the Reservation, and to develop retail trades, which are practically non-existent on the Reservation.

Accomplishments

Accomplishments which relate to the Planning Office objectives have been very limited. In terms of successful projects, the staff points to three public works projects as major accomplishments. Yet the staff had little

* For instance, there are committees on Finance and Credit, Law and Order, Economic Development and Employment, Education, Roads and Transportation, Investigation, Land, Legislation Research, Health and Welfare, Ways and Means, and Labor.

** There is a shortage of water on the Reservation.

or nothing to do with bringing these projects to the Reservation. The first project was an expansion of the sewer lagoon outside the City of Pine Ridge. The Tribe received an EDA Public Works Grant in the amount of \$13,000 and a loan of \$29,000 for this purpose. The second project was the construction of an airport approximately three miles from Pine Ridge. The Tribe received on EDA Public Works Grants totalling \$191,000 for this project. The final project was an industrial park located outside the City of Pine Ridge. An EDA Public Works Grant in the amount of \$34,000 was authorized for this purpose. Though the projects have been completed, final payments to contractors have not as yet been made for the first two. In the airport project, for instance, EDA contends that the in-kind contribution for the local share was over-valued. The contractor has been waiting nearly 6 months for payment and constantly harasses the Planning Office for it. Thus, though the Planning Office did not conceive these projects they are fending off the contractors while devising a way to resolve the problem. The staff feel that these three projects provide a good base for industrial development in the vicinity of Pine Ridge. They also envision improvements in housing as being a major factor, but housing problems are being left pretty much to the Pine Ridge Housing Authority for resolution.

The staff has not been overly successful in either developing cottage industries or attracting industry. An indication of this can be gathered from reviewing the list of projects contained in quarterly progress reports. The list of projects has remained essentially the same since the original OEDP was written for the Area Redevelopment Administration. However, not much progress seems to have been made on any of them. And, in the list of completed projects given in 1969, not one was originated by the Planning Office staff, and few had much to do directly with development.*

On the positive side, much is contemplated by the staff for the future. The staff hopes to make use of some existing structures located in each community (called "igloo buildings") as storage and distribution centers for the cottage-type industries that are contemplated for each community.

A complete tourism complex for the Reservation is contemplated, but little has been done toward specification of attractions and facilities by the staff, although much has been done by others. For instance, the Bureau

* For instance, a new fire station and boys dormitory for the boarding school are listed. The three public works projects mentioned earlier are listed. The ongoing Mocassin Factory is given as another project. Finally, a children's village is given as a completed project. A motel feasibility for Pine Ridge study is listed also. (This was sponsored by an EDA Technical Assistance Grant, and the staff was involved slightly in the study.)

of Outdoor Recreation (BOR), Department of the Interior, did a study of the tourism and recreation potential of the Pine Ridge Reservation in 1964 in which they outlined potential developments. The staff has failed to act on these results.

It is expected that the Planning Office staff will be involved in acquiring funds from SBA for expansion of the mocassin factory.

Other activities of the staff related to specific projects are in connection with a Tribal Casket Factory, Nursing Home, and expansion of the Shopping Center in Pine Ridge. The first of these projects is not given much of a chance to succeed, but the latter two, though they deviate somewhat from the goals of the Planning Office, are being worked on by the staff in primarily an advisory capacity to the Tribe. Also being pursued are funds for construction of a new educational building and a new Tribal Council building for the Reservation.

The staff has also entertained numerous industries on the Reservation. None of these attempts at industrial development has ever materialized, however. Most of the initial contacts were made through a mass "saturation" mailing to industries located all over the United States. The Assistant Director follows up on interested industries in subsequent personal visits.

Current Efforts

The current efforts of the staff seem highly unorganized. All of the projects listed above are supposedly being worked on. Many visits are being made to all parts of the country in the hopes of interesting some industry to locate on the Reservation. Work is proceeding to develop cottage-type industries. Work is being done on the tourism/recreation complex, although, again, in a highly unorganized manner. The staff does not consider the construction of a motel in Pine Ridge to be a solid business venture until some other developments take place first. They feel that there are not enough facilities in Pine Ridge to make people want to stay there. The feasibility study for a motel-restaurant combination was done by Program Research of New York City under EDA Contract 8-35329. The study was done to determine the economic feasibility, location, optimum size, layout plans, and cost of a motel in Pine Ridge. A 35-unit motel was recommended at a cost of \$534,200. So far no further progress has been made on this project.

The staff is trying to interest a ceramics plant in locating on the Reservation to take advantage of the large clay deposits known to exist. However, the clay deposits would not necessarily be a factor, as it turns out, because all ceramics plants buy their clay in Kentucky.

Very recently interest has been generated in developing industry in the remote town of Wamblee. On March 19, 1970 a Wamblee community meeting was attended by the staff and Varmette to discuss this possibility. A Mr. Trumble, an Oglala Sioux Tribe member and a Mr. Hakanson from Chicago were also in attendance. About two years ago, Hakanson vacationed in the Wamblee area with Mr. Trumble and became interested in the area and its potential for new industry. Hakanson feels that the right idea, properly promoted, could do much to alleviate the critical unemployment problem of the community. He is promoting the establishment of a company to work on government contracts under section 8A of the Small Business Administration Act. The initial product proposed was a mail-sorting tray for the Post Office Department. The community of Wamblee is expected to endorse this idea.

In summary, the staff has not been responsible for bringing any new industries or jobs to the Reservation as yet. However, they are facing some severe constraints in doing so. One is the lack of natural resources on the Reservation. This problem is beyond their or anyone else's control. Some significant controllable problems are discussed in the next section.

Constraints

There are three big problems facing this staff. Two are common to all planning staffs on Reservations; the last is unique to the Pine Ridge staff. The first problem is the relationship of the staff to the Tribal Council. The second problem is money. The last problem is a special condition in the Planning Grant agreement. These problems are taken up in turn.

The Tribal Council Problem. As the EDA Program currently exists, the Planning Grant is made to the Tribe. The Executive Council of the Tribal Council (five elected officers) hires (and fires, if need be) the Planning staff. The staff must consequently be responsive to the Council. The Pine Ridge Reservation is well known for its lack of continuity in government (this situation also exists to some degree in most other reservations). The Council is elected by enrolled members of the Tribe every two years. The first election was held in 1934, the year of the Indian Reorganization Act. In all of the 19 elections held since then, not one member of the Tribal Council has ever been reelected for a second term. This, of course, creates several problems for the Planning staff:

- (1) The new Administrations, since they are completely new, will not be familiar with the ongoing program.
- (2) The philosophy, objectives, and priorities of one administration might be radically different from the previous administration.

- (3) Much time will be spent by the Planning staff in orienting and educating the new Administration on their activities.

The lack of continuity in Tribal Government, then, is an impediment to the smooth functioning of the program of the planning staff.

The Money Problem. One serious obstacle facing the staff is the acquisition of local funds to supplement the funds obtained in matching grants or loans which only supply a portion of the total cost of various projects. The Oglala Sioux is an extremely poor Tribe by all standards--they are poor not only in relation to non-Indians but also in relation to other Indian Tribes. It is virtually impossible for the Tribe to provide cash or borrow for the required portion for any large project. Inability to raise funds continuously plagues the staff.

A Special Condition. This last problem is unique to the Pine Ridge Planning District. A study of the Pine Ridge Reservation funded by a HUD 701 Grant was performed by the firm of Marshall Kaplan, Gans, and Kahn.* This 12-volume report, called "The Kaplan Report", contained many recommendations that the firm felt would ultimately lead to the growth and development of the Reservation. The two-year study was essentially a demonstration project designed to have applicability to the basic issue of planning on reservations. This study was intended to be a model for planning programs not only at the Pine Ridge Reservation, but also for all other reservations with appropriate changes in inputs. The first problem with the report was that it was rejected in its entirety by the Oglala Sioux Tribe, primarily on the basis of the section on housing. The consultant firm designed a new low-cost housing unit with the intention of manufacturing it on the Reservation. The house, which was extremely unappealing to the Indians, was also unappealing to the Public Health Service in that it was unsanitary due to the unique water-storage concept. The firm eventually erected a demonstration house on the Reservation which today functions as a drive-in restaurant. The consultant firm sent one of their principals to present this concept to the Indian people. Evidently, they sent the wrong man. The Tribe considered the man as well as his house, offensive, and developed deep feelings against this man, his company, and everything the company had set out to do. As a result, the Tribe to this day rejects the total report.

Much objection was raised to the manner in which the consultants conducted their study. It was the belief of everyone interviewed that the consultants spent far too much time in the file drawers and far too little time in the field. As a result, their report was simply compilation and gathering

* "Development Potential of the Pine Ridge Indian Reservation", Marshall, Kaplan, Gans, and Kahn, San Francisco, California, July, 1969.

together of other studies that had been done and nothing new had been added. For whatever the reasons, the consultants report is unacceptable to the Oglala Sioux Indians. This puts the Planning staff in somewhat of a predicament as they see it. By a special condition of their agreement, the staff must follow somewhat the planning guidelines given in this report, or show good reason why they are not doing so. They feel they have two choices. First, the fact that the Tribe rejected the report is good reason for not following it. Second, the fact that the report in my way of thinking does not present relevant planning guidelines gives them an escape route. They (the planning staff) intend to use what is good in the report and dismiss the rest on the above two grounds.

Observations

Staff Characteristics

This staff is unusual. Typically the Executive Director is the motivating force in the planning program, and the economic planner plays a secondary role. At Pine Ridge, the situation is reversed. Colonel Katt does most of the idea generation and leg work for the staff and is the person to be consulted on planning matters. Based on conversations with BIA members, the Colonel has no inclination or interest in detail or in following things through to completion. This is the Executive Director's strong point, however. The Colonel likes to create and become involved in all sorts of projects, spreading himself thinly over his entire gamut of interests. He travels extensively, some of the time at his own expense, in the hopes of luring some industry to the Reservation. The Executive Director is less dynamic, travels less, but is more stable. Overall, the pair have the potential for making an effective team.

It was observed that the BIA programs officer is active in planning activities and plays an active role in project development. For instance, Mr. Varmette attended the meeting and wrote the report describing the meeting at Wamblee concerning potential industry location.

Relationship With Other Groups

The Planning Office, as mentioned throughout, works very closely with the BIA and the local development corporation. They do not, however, deal at all with the Rosebud Sioux Reservation which lies adjacent to the Pine Ridge Reservation immediately to the East. Cooperation between these two Tribes might accelerate the development process since they have common problems.

OEDP

The staff does not have an effective OEDP. This function evidently was supposed to be served by the 701 HUD report. There is an obsolete, minimal OEDP in existence. However, the staff does not even know who wrote it and even had difficulty locating it. Supposedly, they are working on a new one but not much progress seems to have been made. For one thing, the Colonel insists on calling the Document a "DEOP". There was no evidence of a formal plan of operations for the staff. The operation seemed somewhat haphazard as a result. However, the staff seemed dedicated and sincerely interested in seeing things happen that they could be part of.

Moccasin Factory

The recent success of the moccasin factory serves to point out that industry can be successful on Indian reservations. This will undoubtedly be a showplace for representatives of industries exploring the Reservation for possible location.

Conclusions

In terms of indicators such as jobs created, increased incomes, and number of industries brought to the Reservation, the Oglala Sioux Planning Office would fare badly. Partly this is due to the aforementioned problems beyond the immediate control of the staff. Partly it is due to lack of basic resources on the Reservation. And, partly it is due to the characteristics of the staff. Progress will likely continue to be slow and will result more from forces outside the organization than inside the organization.

The staff realizes that not much has been accomplished. When asked about their major success, they pointed out that they have been instrumental in creating the environment for change and attitudes toward it by Tribal leaders and members. This observation was corroborated by the BIA Director and the Tribal President.

EAST TENNESSEE DEVELOPMENT DISTRICT

The East Tennessee Development District* was designated by EDA in March, 1968. The District maintains its main office in Knoxville, Tennessee with a branch office in La Follette in Campbell County. The District, which consists of 16 counties, is formed with Knoxville at the center. The economic activity in these 16 counties is quite diverse, there being no single factor comprising the economic base. The Northwest highland counties rely on extractive industry, the Central Tennessee Valley counties depend primarily on manufacturing and agriculture, and the Southeastern counties, bordering on the Smokey Mountains, have tourism as the economic base.

Staff

The original staff of four full-time professionals, one secretary, and one part-time planning aid was hired in the fall of 1967. The present staff is large and well endowed with professional planners. The Director is a professional planner with experience as the Director of Advance Planning for Kansas City, Missouri. The Assistant to the Director has a Master's degree in planning from the University of Tennessee and is a native of South Carolina. There are 12 other full-time staff members including a Project Coordinator, a Project Director, four planners, one draftsman, and five secretaries. There are two university students on the staff part-time who are used as draftsmen. The staff appears to be competent at all levels from the Director to the secretaries. While there is emphasis on the planning aspects of development within the office, the staff is impressive in its flexibility in dealing with the local citizens. The staff members dealing with the local people are upper level men in the staff. The staff members who did not spend time in the field did not appear as valuable to the District as were those members who were out in the field frequently. The impact of the former on project development was virtually zero.

Organization

The basic organizational features of the East Tennessee Development District are centered around the concept that it is the main task of the staff to provide information and technical assistance to the Board of Directors. Thus, the staff does not initiate ideas for projects. They may on

* The District has officially adopted the name East Tennessee Development District rather than East Tennessee Economic Development District to reflect the fact that they are not solely an EDA organization. The State law requires that they not be tied specifically with any federal program but rather that they be able to work with all federal agencies.

occasion lay the basic framework within which the ideas develop and they may also nurture those ideas relevant to the overall plan. They feel it is crucial that the impetus for a project come from the local citizens. This is a good policy because the pride in success or the stigma for failure falls on the local citizens. By becoming involved in growth and development of the district, they then begin to accept responsibility and they will realize success or failure depends on them.

The Board of Directors is a large body of indigenous people, including mayors, judges (county commissioners), businessmen and other citizens. An executive committee, consisting of 19 members, operates as a steering committee for the Board of Directors. The executive committee meets to discuss the position for the Board to take on different issues. These positions are formally adopted and presented to the Board of Directors. As a general rule, the Board of Directors follows the recommendations of the executive committee. During the executive committee meetings the staff members of the development district are available for the committee to consult regarding different technical issues which might arise. This arrangement does not appear to have any glaring weaknesses as far as East Tennessee is concerned, but it appears that some districts must guard against having the executive committee, or even the Board of Directors become too "cliquish" and thus alienate some of the local support.

The executive committee is composed of a very interested and able group of citizens. It appears to represent the "seat of power" for the district although strongly guided by the Executive Director. The effectiveness of the Board appears to be dependent to some extent on the President of the Board, and the chairmen of the committees. The leadership of the committees and the Board, at the present time, is quite strong. There is a potential for weak leadership to move into power in the Board. If this occurs the effectiveness of the entire District operation would be likely to degenerate.

The judges are potentially the most disruptive element on the Board. The District has done an excellent job in making them aware of the implications of properly guided development. According to many people who were interviewed, the judges took a very parochial view of the development prior to the District formation. The judges now appear to understand the importance of viewing development as a multicounty endeavor. They understand that a project in a neighboring county is likely to be beneficial to their own county simply because it provides jobs for their own constituents. This is evidence of the effectiveness of the District as an educator.

Funding

The funding of the District is quite complex. Sources of funds include EDA, Department of Housing and Urban Development, Appalachian Regional Commission, FHA, State of Tennessee, local governments and in kind transfers from University of Tennessee, United Community services, and Campbell County. The budget projections for fiscal year 1971 are broken down by sources in the following way.

<u>Agency</u>	<u>Percent</u>
Economic Development Administration	18
Appalachian Regional Commission	26
Housing and Urban Development	24
Department of Justice	8
Health, Education and Welfare	20
Farmers Home Administration	4
	<u>100</u>

The total yearly budget is approximately \$360,000. This is not meant to imply that 18 percent of the budget is all EDA funds. Part of the 18 percent is matching money from local sources in the form of services in kind and local contributions. The expenditures are broken down the following way:

<u>Program Division</u>	<u>Percent</u>
Developmental Research and Analysis	14
Regional Development Planning and Programming	47
Project Administration and Development	10
Special Projects	20
Program Support and Administration	9
	<u>100</u>

The complexity of the funding in East Tennessee points up the futility in attempting to ascribe any particular project or any particular planning activity to the EDA planning grant in a district with multiple funding. Furthermore, it clearly points out that the District office is no more "EDA's office" than it is "HUD's office" or "ARC's office". In many instances EDA may think of these offices as being responsible only to EDA when actually they are responsible to many different federal and state agencies. It appears that EDA in Washington should recognize the multi-agency character of many of these offices and should limit their requests for information, reports, and rewrites of applications accordingly.

Description

The ETDD is a district which has been in operation for a long time relative to the age of other development districts. It was designated as a development district in March, 1968, but it was functioning as an agency prior to that time. The staff members have operated as a team for well over two years.

The staff members are quite busy either writing, drafting, drawing up specifications, or out in the field talking to municipalities and citizen's groups about planning and development activities. They have a large number of tasks to perform, and the upper level staff spends a good deal of time beyond a normal working day in activities directly and indirectly related to the mission of the District.

The main activities of the staff involve activities promoting the District as a planning agency. They are concerned with the problems of growth and development as viewed by mayors, city managers, and other politically responsive people. These people seek the District for answers to questions concerning how they may proceed to stimulate growth and development. The thrust of the activities of the District is toward education of the local people so that eventually they will be capable of providing inputs into the planning process, and eventually be capable of making meaningful resource allocation decisions. This may be the most useful function of the staff.

Much of the planning activity is undertaken simply to fulfill the requirements of a federal agency. The OEDP, for example, is the document which EDA required for designation. The OEDP helped the District become designated but it is infrequently, if ever, referred to. Other planning documents for other agencies are similarly dead documents. There was not a single shopworn planning document in the district office. The planning documents appear to be a waste of time and money from the District standpoint.

The East Tennessee Development District is a new planning institution in the East Tennessee region. It is antedated by the Tennessee Valley Authority and the Tennessee State Planning Commission which have been in operation since the 1930's. As a new planning institution ETDD is experiencing problems of integration into an existing institutional framework. The planning staff of the growth center, TVA, and TSPC, tend to resist the formation of new institutions which might compete with them in planning activities. As a result of the potential overlapping in planning, the District takes on a characteristic which differentiates it considerably from many other districts. The District intends to operate as an overall planning and coordinating agency for the entire 16 county area. The function of overall planning and coordination needs to be performed by a single agency in order to properly marshal the technical and planning expertise which is available in the area. The district is justified in attempting to become the single overall planning agency because overall planning is what is lacking for the area.

There appears to be very little political disenfranchisement of any group of people in the District. To the extent that all citizens are represented by the local political leaders, the activities of the Board of Directors and thus the District is responsive to the local population. This is true because the District is highly responsive to the local political leadership which is well represented on the Board of Directors. The activities of the District are not aimed at a particular group or segment of the population. If they operate under a bias it is away from the growth center, emphasizing other growth nuclei in the District. This appears to be, in part, a response to the lack of cooperation from the growth center.

The District has potential for the development of recreation, tourism, and service industries as part of the economic base. It is endowed with large

bodies of water created by the TVA dams which provide fine resources for water sports. There are highland and mountain areas for summer vacationing and for winter sports. The region is accessible to individuals from large industrial and residential centers by virtue of the available airport facilities. The District office recognizes this potential and is engaged in promoting recreation and tourism projects in the area.

The District does not appear well developed enough to be in a position to strongly recommend that certain projects actually be abandoned or dropped. Such actions at this stage of the District's development are very likely to result in groups (cities, counties) being antagonized by the District. This would hinder the development and expansion of local community support for the District office. According to most people interviewed this support is not as fully developed as it needs to be for the District to be able to take a firm stand against a project.

The District is still striving for acceptance and additional integration into the political framework. In order to achieve this, the staff argues it is not feasible to deny projects to any area which can qualify for assistance. On the other hand, the Director, Assistant Director and other relevant staff members recognize the importance of providing guidelines for purposes of allocating funds within the District so that they are most likely to promote growth and development. Once the District has established itself as "the" agency to which to turn for purposes of planning, it may then be able to make stronger recommendations concerning which projects should be funded and which should not.

The District appears to be less than fully successful in eliciting the cooperation of the City of Knoxville. It appears that since Knoxville has its own expertise in the planning area they are hesitant to call upon the District for assistance or guidance. On the other hand, the outlying communities (which tend to be quite poor) rely quite extensively upon the District for planning and development expertise. The District, therefore, assumes a distinct rural orientation. This does not appear to be detrimental to the activities of the program. Instead, the rural focus may result in planning and development funds being spent in the most effective way in the District.

The general topography inhibits the development of extensive ground transportation services. The rugged terrain of the highlands and of the Smokey Mountains virtually prevents inexpensive transportation in the Northwest to Southeast direction. The primary flow of materials and goods is in the Northeast-Southwest direction, following the direction of the Tennessee River Valley. There are no major highways which lead conveniently to a major industrial city or center of development. The District has responded to this situation by planning an extensive airport network for the region and they are preparing plans for other transportation networks.

Goals

The staff appears to be operating under an implicit assumption that they are competing with every other development district, redevelopment area, and Indian reservation for federal funds for financing projects. Thus, any project which meets the minimum qualification is likely to be applied for. The staff members are not in a position to assert or attempt to assert that certain projects should not be applied for and other projects should be applied for. Such activity would be likely to antagonize the local people and make the job of eventually being recognized as the source for planning and development expertise impossible to achieve. Thus, in order to develop rapport with the local population the staff is "forced" to promote virtually every qualifying project.

The implication of operating under a rule of promoting every possible project is that the screening of projects is not taking place at the local level. Instead, the federal guidelines for qualifications are providing the screening mechanism for the projects. The decision process for allocating the funds takes place in the regional offices or in the federal government offices in Washington. In East Tennessee there is some small amount of screening done at the District level aside from simply ascertaining the qualification status of the project. If a project appears to be a "bad" project, the staff may be slow to act on it in order to save their best efforts for "better" projects. The project may be a "bad" project because it is likely to have long run unfavorable effects on the communities potential for development. As an example, the staff may reduce efforts on a project which is going to put a community deeply in debt. If it appears that the debt would prevent the community from participating in other perhaps "better" projects, the staff may try to prevent funding by inaction.

As an overview, the staff views their efforts as those preplanning efforts which are necessary in order that a well accepted and carefully formulated plan can be instituted and followed as a guideline for economic development. The fundamental problem in the District which prevents an overall plan from being implemented is the decentralized decision-making process in the political superstructure, the fragmentation and isolation of the separate political jurisdictions, and the competing sources of planning activity and competence. In attempting to overcome these problems the District office sponsors meetings among groups of separate political jurisdictions, acts as a project clearing house, and attempts to provide a focal point for planning activity by "selling" itself as the most relevant over-all planning agency. They appear to be doing an excellent job in resolving these problems.

Meetings

The meetings of the Board of Directors and the executive committee provide a forum for the exchange of ideas and concepts and the realization of

their mutual interest in planning and development. In addition to the required meetings of the District board and committees, the District office brings together such individuals as the planners from ETDD, TVA, TSPC, and the representatives of the CAP organizations. The purpose of the meetings is to become familiar with each other's interests and problems. A considerable amount of staff time is spent attending meetings of different interest groups throughout the district. These meetings are usually called to explore a particular approach to the solution of a particular problem. The staff views its role in these meetings as an advisory role or simply as an observer. This means ETDD receives neither credit for a success nor blame for a failure. This advisory role is detrimental to obtaining popular support for the local share. Acting in an advisory capacity has a tendency to prevent the citizens from being fully aware of the importance of the District.

Grantsmanship

The District functions on a day to day basis as a federal funds coordinating agency, as a clearing house for applications, and as a source of relevant information regarding the system for application for federal funds. The result of this is that too much staff time is spent on paper work, which could be better spent in the field.

Planning

The District office considers itself to be the focal point for planning activity within the District. Other planning agencies within the District do not share this view. These other agencies, especially TVA and TSPC view the ETDD as performing a function overlapping and sometimes conflicting with their own activities. This seems to be a natural reaction to a new institution within a particular framework. None of the three major planning agencies has a broad overall plan for the growth and development of the District. The East Tennessee Development District is in the process of formulating such a plan but must, in the meantime, establish themselves as a viable institution within the planning structure. The other planning agencies within the District have very competent planners and competent technical people whose services tend to be overlapped by the ETDD activities. This may be a temporary phenomenon which will last only until the ETDD establishes itself as an overall coordinator and begins farming out detailed planning activities. (No clear cut indication of the District's intention of farming out the planning activities was found.) The size of the planning staff of the District seems to indicate that they intended to handle a considerable amount of planning on their own.

Industrial Development

There is a state agency responsible for promoting the district as a potential site for the location of industry. The state agency is quite effective in promoting different areas in the state for purposes of drawing in new industry. There appeared to be no need for a new agency to engage in similar activities. A significant amount of the new industrial activity evidence that the ETDD was not actively engaged in promoting industrial development. If an industry were interested in locating in the District, the staff was prepared to supply the firm or industry with relevant information and loan assistance. If it were required, the staff was prepared to assist the industry in applying for a loan. They were also prepared to assist the local community in obtaining a public works grant to develop an industrial site. The staff undertook no search for industry which might potentially locate in the District. Rather, ETDD relied upon the state agency to perform this function. Considering the effectiveness of the state agency, is no reason for the District to undertake similar activities.

Conclusions

The general conclusion is that the District is valuable to the counties. The function of this District office is more complex than it is for most districts. The area needs a planning-coordinating agency and the District appears to be the best vehicle for performing the task. Some other specific conclusions are:

- (1) The East Tennessee Development District is successful in developing rapport with the community and is performing a useful project coordinating function.
- (2) The District has state support. Thus they are a legally recognized organization as far as the state is concerned. The local support of the District is developed to the point that the District has "grass roots" legitimacy. This district is ahead of many other Districts in this respect.
- (3) One of the major problems appears to be the planning activities conflict among ETDD, TVA, and TSPC. This is a problem which is symptomatic of the institutional problems which virtually all districts encounter. Planning activities take place on an agency by agency basis. The problems occur on a functional basis. Thus, if planning is to be effective it must take place on a functional basis (i.e., water supply, sewer, housing, transportation, etc.) not on an agency basis (i.e., HUD, EDA, FHA, TVA, and TSCP).

- (4) The District appears too large for effective planning activities to take place. A decision on a project for one of the northern counties has very little bearing on development in a southern county, and for this reason the widely spaced counties are likely to have little enthusiasm or interest in each other's activities.

COASTAL BEND ECONOMIC DEVELOPMENT DISTRICT

Since it has been in existence, the Coastal Bend Economic Development District has received \$105,000 in EDA planning grants. They have received no other Federal planning grants.

Background

The district is composed of 20 counties: Aransas, Atascosa (RA), Bee, Brooks, Calhoun, De Witt, Duval, Goliad (RA), Gonzales (RA), Jim Wells, Karnes (RA), Kenedy, Kleberg, Live Oak, McMullen, Nueces, Refugio, San Patricio, Victoria, and Wilson (Title I Public Works area). It is located in the Southeast portion of Texas, bordered on the east by the Gulf of Mexico. The growth centers are Corpus Christi in Nueces County and Victoria in Victoria County.

The district had an estimated population of 586,619 in 1966. Spanish Surnames make up 38 percent of the population. Five percent of the population is Negro.

The district has experienced a large net out-migration, especially among the younger people. Net out-migration was extremely high between 1950 and 1960 in the RA counties. The unemployment rate in the district is about 5.7 percent, but the greater problem is the underemployment especially among the Spanish surname population.

The most depressed ethnic group comprises the Spanish-surname people. Their average education level is only 6.1 years. This compares with 11.5 years for angle-whites and 8.1 years for nonwhites. These people have historically been employed in agricultural jobs. They have always felt it necessary to take their children into the fields to help support the family, thus the low education level.

There is extremely poor distribution of income in the district. There are a very few people who are extremely wealthy while most of the people are very poor. Originally most of the land in the area was owned in large tracts, many of which were Spanish land grants. In 1930, oil was discovered and those who had made fortunes from cattle, became richer on oil and gas.

The financial capacity of county governments is extremely large due to their ability to tax the oil and gas reserves. However, the small towns which are where the majority of the poor people are located and the cities do not have access to this source of tax revenue since the oil and gas fields are located in rural areas.

The economic structure of the EDD is based principally on mineral extraction (mainly oil and gas) and on agriculture. Cattle was once the economic backbone of the area and is still important. Cotton has been the

district's most important field crop. Winter vegetables were once raised in significant quantities but the mechanization of farming, federal price support programs, and a new port grain elevator in Corpus Christi have made it more profitable to raise grain *Sorgum* than vegetables.

Since the discovery of oil and natural gas in 1930 the development of these minerals has increased steadily and has become the district's dominant economic sector. Not only is this industry important because of the income and employment it provides, but also because of the tremendous raw material base it provides for the petrochemical industry.

The Staff

The staff is quite small. It includes an executive director, economic planner, research analyst and secretary.

The Executive Director is Mr. Dempsey Duprie. He has a BA in Chemistry and plans to obtain a Master's Degree in Urban and Regional Planning in the summer of 1970. He has completed a course in Area and District Planning and Development and a course in Industrial Development. In the past his employment has been as a chemist. Prior to coming to the District, Mr. Duprie had no experience that qualified him for this position. He believes that his understanding of the problems of the people and knowing how to handle the bureaucracy (i.e., Federal, state, and local governments) makes him capable of handling this job. He has been with the district since August, 1968, when he replaced the original executive director, Mr. Jack Jones.

The Economic Planner is Richard Bullock. His job is to assist the Director and be responsible for administrative duties in the absence of the Director, do economic research, prepare statistical data, and maintain contact with business interests and public entities. Mr. Bullock has a BA in American Studies, an MS in Economics, and is working on a Masters in Urban and Regional Planning. He has been with the EDD since August, 1968.

The Research Analyst-Secretary is Miss Charlene Walker. Her duties are to collect, prepare, edit, and present data for studies relating to the economic development of the district and perform some secretarial duties. Miss Walker attended Del Mar Junior College in Corpus Christi. She has been with the EDD since 1967.

At the time of the Battelle study, the job of secretary was vacant.

The Board

There are 36 representatives on the board. Four are representatives of the Spanish surname population, one is a Negro. All county judges either serve on the board or appoint someone to serve in their place. New representatives

are now appointed by the Executive Committee. When the Board was first formed, the county judges chose Board member from those who were willing to serve. As a result of this procedure, Nueces County, where the District office is located, has nine representatives; twelve counties have only one representative each. People in Nueces County were willing to serve on the Board because the meetings are close to their homes. People in the furthest counties are not willing to travel great distances to come to meetings.

This is not equitable. It is obvious that Nueces County has an advantage over the other counties. This situation could not exist if EDA had better guidelines for the establishing of boards.

The Board is not active and does not seem to do much besides establish general policy. They are not even needed to approve projects. (Projects must be approved by the regional planning commissions. See below.)

There are no functional committees. There are four OEDP committees.

Potential

There is a potential for tourism in the area based on the ocean resources. Because of recent discoveries in the District, there is a potential for growth in the uranium ore processing field. The oil and gas industries are already a strong viable segment of the economy and will be an important growth segment of the District. The mineral resources of the area also offer a good opportunity for the establishment of industries which require these minerals as an input.

Agriculture is an important growth sector. There is a possibility of attracting plants into the area to process agricultural products. Another potential growth sector is marine related industries. This would include tourism along the coast as well as industry based on resources from the sea, as well as industrialization of the seafood industry and the development of aquaculture.

The most important resource of the area is its people. There is a largely unskilled workforce which has been displaced due to agricultural mechanization. These people have a high degree of manual dexterity. A strong vocational and technical education program will benefit the people of the area and aid in the industrial development of the area.

Goals

The goals of the District are broken into three groups. Priority "A" goals are the most important. There is a desire to increase the supply of raw water for agricultural and industrial use; increase the supply of treated water for domestic use; promote research for the conversion and use of ocean waters for domestic, industrial, and commercial use; promote

industrial activities which will utilize the mineral and agricultural products of the District (these include petroleum, natural gas, uranium, poultry, beef cattle, cotton, grain sorghum); improve and develop expanded research and development facilities in the area which will result in maximum utilization of mineral, agricultural, and ocean oriented industries and products; improve education generally, but especially vocational and technical education with the aim of providing an employable labor force; promote tourism within the District by developing resorts and recreation facilities in the coastal areas and developing historical sites and recreation facilities at other points of interest; promote increased agricultural productivity through a program of pasture improvement; and, promote research and development of seafood farms and mineral extraction of the Gulf of Mexico.

Priority "B" goals are not as important. There is a desire to improve public utility systems which eliminate water pollution problems by requiring treatment of sewerage and wastes at their source; increase the supply of high-quality, low-priced housing suitable for occupancy by low-income families; generally promote industrialization, especially manufacturing activities which are labor-intensive; encourage and develop research and development facilities that will promote industrialization and/or labor intensive manufacturing; and, improve transportation facilities such as deep-water harbors, airports, and Interstate highways which will improve the flow of raw materials, manufactured goods, and people to and from the District.

Priority "C" goals are the least important. These are to improve recreation facilities and programs aimed at neighborhoods throughout the District, provide an adequate system of hospitals, nursing homes, and public health facilities throughout the District; improve public transportation systems especially those which ease the problem of getting underemployed people to and from work; and, improve the cultural opportunities available to the District's citizens such as libraries and museums.

The Executive Director summarizes that the goal of the District is to accomplish the orderly growth of the area and to develop a better life for the poor.

Despite all the goals listed in the OEDP, members of the Board of Directors believe that the goal of the District is to create jobs and nothing more. They seem to believe that economic development and industrial development are the same thing. Mr. Duprie prefers not to try to change the Board's mind on this issue. He is afraid that if he stirs things up, that the Board will curtail his activities. Because the Board is not active, he is able to do things that have to do with more than industrial development.

Problems

A number of local officials disapprove of Federal involvement in their problems. They believe that if they can't pay for something by themselves

that the Federal government shouldn't give it to them. Many people also think there are plenty of jobs available. They think that the unemployed of the Spanish surname population are lazy and don't want to work. The staff has made an attempt to solve this problem by publishing a newsletter, meeting with local officials, and holding local meetings. They have met with little success. This problem will take a long time to solve and must be solved by the local people themselves.

There are only four Redevelopment Areas in the district. As has already been pointed out, there is a very poor distribution of wealth in the district. There are many very poor people in the non-RA counties but a few wealthy people are so wealthy that they raise the average family income too high to allow the county to be designated an RA. As a result, there are many poor people that the District can't help through EDA. Just outside of the City of Alice in Jim Wells County, the people are so poor there is a septic tank system with sewer running in the middle of the street. Jim Wells County is not an RA. Perhaps EDA should reevaluate their criteria for EDA assistance. About 10 more counties in this District would probably qualify if the criteria were based on the percentage of the population whose income is considered substandard.

Geographically the district is too large. It is 17,664 square miles. The area is too much for one staff, especially one as small as this one, to cover effectively. It would be impossible for staff members to meet with all local officials in their towns, as they would be spending all of their time traveling. The size of the District is the primary reason why the majority of members of the board are from the general area surrounding the District office. The Executive Director feels that this District should be divided into two or three smaller districts.

It seems that the boundaries of the District were chosen in a way to satisfy EDA criteria for an EDD. Corpus Christi was the most desirable city for a growth center, but there were no counties near Corpus Christi that could qualify as a redevelopment area. It was therefore necessary to get counties into the district that were quite remote from Corpus Christi. Everything lying between Corpus Christi and these RA counties had to be taken into the District. The RA counties are all quite near San Antonio, but San Antonio could not qualify as a growth center because its population is too large.

It seems obvious that EDA restrictions have created an extremely undesirable situation here. They have caused a District to be formed that is much too large for one staff to handle effectively. Further, the majority of the poor people in the District cannot be reached through EDA programs.

Three Governor-designated Regional Planning Commissions exist in the district. The Coastal Bend Regional Planning Commission consists of twelve counties and lies within the boundaries of the Coastal Bend Economic Development District. Parts of the Alamo and Golden Crescent Regional Planning Commissions also lie in the district. This situation causes financial

problems for the EDD. Since the local governments are giving financial support to the Regional Planning Commissions, they do not wish to also support the Economic Development District. This will make further expansion of the EDD staff impossible as EDA funds are reduced. The District now gets only \$350 from each of the RA counties and \$4,000 from the city of Corpus Christi. They also get payments from the Port Authority, Central Power and Light, Padre Island Investment Corporation, and Gulf Coast National Gas. All local contributions total \$8,200 plus \$6,230 grantee in-kind contributions.

Because the Regional Planning Commissions are doing planning, there is no need for the EDD to do any planning. The EDD uses the plans of the RPC's. The staffs of the EDD and the RPCs work closely. The Executive Director of the EDD serves on several of the committees of the Coastal Bend Regional Planning Commission. Fourteen of the EDD board members also serve on the Board of the Coastal Bend Regional Planning Commission.

The existence of three planning commissions in one District does not seem to be an ideal situation for good planning for the District. The RPC's have been designated the A-95 clearing houses. Thus, every project coming through the District has to be initiated by an RPC. So far, this has been little more than a formality. All EDD projects have been "approved". Politically, it would be poor for them to "reject" one now. Supposing EDA decided to give block grants to Districts, a conflict of interests among RPC's would then arise. Each would want the funds to go to its own commission area. The EDD would be in the middle of a dangerous situation. It seems obvious that the EDD and RPC boundaries should be coterminous to prevent conflicts of interest from arising.

If EDA considers planning to be an important function of an EDD, then they should not allow the situation here to continue. It will be impossible for this EDD to do planning as long as there are other planning agencies operating in the area. If EDA wants EDD's to do planning, they should try to get this EDD to rearrange its boundaries to be coterminous with a Regional Planning Commission in the area. They should then try to get the staffs to merge.

Mr. Duprie feels that EDA in Washington is very cooperative. The Regional EDA office in Austin is a bottleneck. Either the Regional office should have more power to determine if an area is eligible for a loan or a grant or it should not exist. He believes the Field Coordinator should have a staff to see that applications are in the proper order. Then they should be sent straight to Washington.

OEDP and Positive Action Programs

Mr. Duprie believes that the OEDP is valuable only as reference statistical material. It was of no value in determining district priorities. They are not able to do the things that have been listed as priorities since many of their applications to accomplish these goals are rejected.

The Positive Action Program for Corpus Christi was written by the staff. It was a waste of time and effort. They knew what the objectives were and it served no purpose writing them down.

Accomplishments

An \$830,000 EDA grant to the City of Corpus Christi to provide expanded water service to the Naval Air Station, Flour Bluff and the Padre Island National Seashore was approved. This project will give impetus to the creation of jobs by causing the environmental change which is felt necessary to establish a city of 45,000 on the northern end of Padre island by 1971. These jobs will be mostly in the service industries that center around the tourist and recreational trade.

An EDA grant of \$112,500 was obtained for the City of Nixon for the expansion of their water system.

An EDA grant for \$120,000 was approved for the expansion of a rehabilitation center. The money is to be used in the renovation and operation of a two-story masonry building. The building will be used for rehabilitating paraplegics and quadraplegics so they may return to gainful employment. An EDA grant was obtained for \$16,053 to establish a library in Floresville, Texas. EDA approved a \$125,000 grant to help establish an ocean science and engineering laboratory in Corpus Christi. The objective of the lab is to find new ways of commercially developing the marine and mineral resources of the Texas Coast.

Two jointly submitted applications for EDA grants totaling \$881,000 were approved for the establishment of a Deep Sea Oil Terminal and an Industrial Park for the Port of Corpus Christi. A \$100,000 Technical Assistance Study was obtained from EDA for Applied Management Research of Houston, Texas. This study was to be conducted in the three Economic Development Districts of South Texas to examine the existing job conditions and the makeup of the unemployed and the hard-core unemployed; provide information as to the types of industry that can best utilize the existing unemployed and underemployed labor force; prepare preoccupational training techniques to develop techniques and materials for attracting industry to the area that can effectively utilize the hardcore unemployed.

A \$65,000 Technical Assistance Study was approved by EDA to determine the tourism potential of the three South Texas Economic Development Districts.

An EDA Business Loan for \$410,000 was made to the Sheraton Marina Inn. This loan created 129 jobs and is responsible for many spin-off jobs.

A \$105,650 HUD open-space grant was approved for the City of Portland by the Texas Parks and Wildlife Department for the purchase of thirteen acres of lands for the development of outdoor recreation facilities.

EDA approved a \$357,500 Business Loan to Coastal Freezing of Aransas Pass. This loan enabled the Coastal Freezing to enlarge its freezing and marketing capacity of bulk, individual quick frozen, and packaged shrimp. Because of this, the District realized there would be a need for more shrimp to service this industry. They realized it would be desirable to expand the harbor to handle more shrimp boats. They received an EDA grant of \$522,500 to expand and improve the Conn Brown Harbor at Aransas Pass. Then, they realized there would be a need for more people to man the extra boats. Mr. Duprie arranged for a training center to train first mates for shrimp boats. One hundred people can attend the school. They are guaranteed jobs upon graduation.

The staff has written industrial fact books for the City of Alice and Bee County. In conjunction with the Industrial Facts Book for Bee County, the staff did an economic base study of the county. They did surveys of the businessmen and a citizen's survey.

There is a problem getting the local leadership involved with District programs. In an effort to solve this problem, the staff publishes a Newsletter with the express purpose of informing the leaders in the District what is available to them through the District office and what the District office is accomplishing. The Executive Director and the Economic Development Specialist for the area have held meetings in the RA counties in hopes of getting local response to these counties' problems. Turn out at these meetings was poor.

The District staff keeps informed on other Federal programs which aid in community development. The District keeps a complete library on the loans and grants available to communities. They have given help to individuals in the area in applying for Federal assistance from other agencies. They have been responsible for two SBA loans to individuals who did not qualify for EDA loans.

The Executive Director estimates that since he has been with the district, there have been about 1200 new jobs created. The District is directly responsible for 400 of these and indirectly responsible for most of the others.

Summary

This District has had a number of constraints placed upon it. It is too large geographically for one staff to handle and it has large numbers of poor people which it is unable to reach with EDA funds. There are three Regional Planning Commissions operating within the District which take local funds which could be used for the District's program.

The RPC's and the EDD should make their boundaries coterminous and combine their staffs to improve the funding situation and prevent conflicts of interest among the RPC's. The EDD cannot continue to exist when EDA funds are reduced.

Despite all the constraints placed upon the District, they have had many accomplishments. There have been a number of projects which upgraded public utilities and some that improved recreational facilities and tourism. There has been much accomplished in the area of industrial development and new job creation. The projects have not been aimed directly at a "target" population. But by creating more jobs and improving the environment, the poor are being helped.

THE DEEP EAST TEXAS ECONOMIC DEVELOPMENT DISTRICT

Since it has been in existence the Deep East Texas Economic Development District has received \$98,760 from EDA planning grants (about \$4000 of this will be sent back), \$15,000 from Law Enforcement Assistance, and \$50,200 from FHA for water and sewer study grants. (See Appendix 1 for this year's budget). The boundaries of the District are coterminous with the Deep East Texas Development Council which is the regional council recognized by the Governor as the mechanism for coordinating all local planning and development activities which have regional implications. The District and Council are served by the same Board.

Background

The District was incorporated in December, 1966, and an Executive Director was hired in October. The District is made up of 13 counties, Angelina, Hardin, Houston (RA), Jasper, Nacogdoches, Newton, Polk (RA), Sabine (RA), San Augustine (RA), San Jacinto (RA), Shelby (Title I area), Trinity (RA), and Tyler. They cover about 10,997 square miles and are located in the eastern part of Texas, bordered on the East by Louisiana.

The growth center of the District is not a city. Rather, it is an area of about 30 miles centering around highway 59 which is centrally located in the EDD. The growth center is made up predominantly of three cities, Nacogdoches, population 17,000; Lufkin, population 20,4000; and Diboll, population 3,600. The total population of the growth center is around 55,000.

Earlier the area had an economy which included cotton and the institution of slavery. The cattle industry has been and still is important. In recent years forestry has become quite an important part of the economy.

The city of Diboll is predominately owned by Temple Industries which was founded around 1890. This company produces all types of wood products including plywood, fiberboard, and particle board. They also own about 1/2 million acres of real estate. This industry has historically been very progressive in the labor area. In salaries have been higher than most other industries in the area and it has always employed Negroes. This company employs around 800 in Diboll and 400 more elsewhere in the District.

The population of the District is about 225,000. Approximately 26 percent of the population of the District is Negro. There is one Indian tribe, the Alabama Coushatta which has a population around 350.

The District has suffered from extensive out-migration of the younger and more educated segment of the population and the Negroes. There is a lack of education, training, and skills among the remaining labor force. Median family incomes are low. Forty-nine percent of all the families in the District had incomes in 1959 of under \$3,000. This figure was 61 percent in the RA counties and 42 percent in non-RA counties. There has been some in-migration to Angelina County (the location of the growth center) and Hardin County (just north of Beaumont).

Staff

The Executive Director is Mr. C. A. Neal Pickett. He had an assistant director/planner and a secretary. Recently, both left the District. Thus, when the Battelle study was made, Mr. Pickett was running the District's Office by himself with the assistance of a part-time secretary, Miss Ann Wagles, a student at Angelina College.

Among his many accomplishments, Mr. Pickett's past experience has included being Manager of the Mt. Pleasant Chamber of Commerce, Mayor of Houston, and Director of the Federal Housing Administration in Houston, Texas.

The duties of the assistant director/planner are to carry out technical planning studies, perform research, investigate planning problems, collect and tabulate statistical data, prepare maps, charts, and graphs. The job of secretary for this office requires someone with office experience who can grow into the position of office manager.

The Board

The Board of Directors has approximately 100 members and meets quarterly. The county judge of each county is a member of the board and is responsible for picking four other members from his county. At least two of the members of each county must be elected officials of governmental units. The other representatives must represent, as much as possible, labor, business, agriculture, minority ethnic groups, and the underemployed and unemployed. One member from each county is a Negro. Each city has one representative for each 2,500 of population or major faction thereof chosen by the Mayor of the city. Each governmental unit not a county or city, may have one representative chosen by the governing body of that government.

The Executive Committee of the board meets monthly. Members of the Executive Committee serve for 1 year. Members include the president, vice president, secretary, and treasurer of the Board, one representative from each county chosen by the directors of the County, one representative from each member city with a population of 7,500 or more, two representatives chosen from among the Directors of all member cities with population of less than 7,500 and two representatives chosen from among all member governmental units that are neither counties or cities.

Board members who are not members of the Executive Committee are invited to the meetings and may participate in the discussions but may not vote. The Executive Committee is responsible for the preparation of the annual report, the hiring of the executive director and staff, the review of projects submitted, and the formulation of policy.

The entire Board is responsible only for actions involving the Regional Planning Commission. The Executive Board thus has the most authority to determine what projects are acted upon.

Negroes make up 26 percent of the population, but make up only 13 percent of the entire Board. Many Negroes are not able to attend Board meetings because they are held during the day. Many of them are not able to leave work as readily as the white members. Those that do attend do not contribute much. There are over 20 positions on the Executive Committee, but only one of these is held by a Negro. This man is a farmer and is not very well educated. He seems to think that things are coming along as fast as they can in the District. He does not seem to know what the problems of the area are or how to solve them. In other words, since the Executive Committee makes most action decisions, and since there is only one Negro on the Executive Committee, Negroes are effectively not represented on the Board. If EDA wants to avoid situations like this, they should set up better guidelines for EDD Board organizations.

There are a number of county judges who are opposed to the District. They believe they can take care of the people in their own counties without any outside help. What they cannot provide for their people, they do not want anyone else providing for them. This causes problems in the District, since these people are members of the Board. In Texas the county judges have quite a bit of power. It is very difficult for the District to make progress in the development of the entire area without the cooperation of these people.

Mr. Pickett expects the Board members to sell the local people on the District. It is up to them to follow through on all projects as well as raise the money to support his staff. He believes if they collect the money themselves, they will be very sure to see that it is spent the right way.

A list of the committees and subcommittees of the Board are in Figure 1 (attached). All Board members are members of a committee or subcommittee. The committees also include people who are not board members. The chairmen of the committees are members of the Executive Committee. All subcommittee chairmen are members of the parent committee. The executive director serves as ex-officio, nonvoting member of each committee and subcommittee. The committees are active and make reports at the Executive Committee meetings.

Potential

The potentials for the area are in the development of the forestry industry and recreational facilities. There are more than 550,000 acres of forest land in the District. Thus, there is a great resource of timber that can be used for industry. There are also a number of man-made lakes, Rayburn, Toledo, and Livingston. Along with the abundant forest area, the lakes offer a great potential for camping, fishing, boating, and resort areas. There are some undeveloped mineral resources with unknown potential. There are also deposits of salt, peat, and volcanic ash that have not been exploited.

Goals

The goals of the OEDP, the Board, and the staff are generally the same. They are to improve living conditions in the area and to stimulate the overall economic growth of the District. There is a desire to support the agricultural economy, expand the minerals industry, develop the forestry industry, and expand the number of manufacturing industries. It is also deemed important to improve public facilities in order to compete favorably for industry with areas outside the District. Because of the desire to develop recreational facilities, care must be taken not to bring in industry which would cause air or water pollution. Also, the control of the imported fire ant is imperative. This insect can make an area unfit for human habitation, especially camping. The OEDP also recognizes the great human resources in the district and the need for upgrading education and skills.

There is an emphasis placed on improving housing for the poor and elderly by the executive director. He believes that before industry will locate in an area, there must be good housing for potential employees. Further, since the economy is based on forestry, the building of houses helps the economy.

Problems

The most pressing problem that Mr. Pickett has at the present time is the lack of sufficient staff to carry on the business of the District. The past members of the staff gave him very short notice and he did not have time to replace them before they left. He has been having difficulty finding people who are living in the District or willing to live in the District who have the qualifications required for these positions. Mr. Pickett is limited in the salaries he can offer. Further, the District has little to offer college graduates in the way of cultural activities or good public facilities.

Mr. Pickett would like to enlarge the staff. He believes he is not as effective as he could be in working with the Negro community. He would like to have a Negro on his staff whose job it would be to go out into the community and tell people what things are possible. This person could encourage people to get into business, get them to attend training and adult education classes, and could teach them how to apply for a job. He believes this contact would have more impact coming from a Negro. Mr. Pickett also thinks it would be valuable to have a woman on his staff to work on Comprehensive Health. She could also teach the women in the District to become better homemakers. Mr. Pickett feels very strongly about getting good housing to the poor and to the elderly. He believes that if he had a larger staff, he could devote his time almost entirely to the housing problem. He believes if he had the time, he could get adequate housing for everyone by working predominately with FHA and HUD.

A number of cities wanted to have the district office located in them. The one which could offer the most was the City of Diboll. Some of those which were not chosen have refused to join the District. A number of other cities have refused to join for other reasons. The City of Lufkin, which is a part of the growth center will not pay dues and join the District. They are eligible for EDA grants because they are part of the growth center, but they make all of their applications for EDA funds directly to the field representative. They were opposed to the district from the beginning. They "see no value in channelling their applications through the District Office". This causes all sorts of ill feelings among the cities that pay their dues and are not entitled to EDA grants because they are not a growth center. It is surprising that EDA should condone this situation when they are trying to encourage local groups to work together. EDA could quickly remedy this situation by refusing to grant funds to cities that do not belong to EDD's.

Another problem as viewed by Mr. Pickett is the fact that there are large pockets of poverty in the non-RA counties. For example, the City of Huxley in Shelby County needs good water desperately. Many people in this town walk for long distances to draw water from not very sanitary wells and springs. Because Huxley is located in a non-RA county, they cannot get EDA funds for a water system. Mr. Pickett is working with the FHA to get the much needed water system to Huxley but this is only for household purposes. He believes EDA should have money available for these cases. The reason for this situation is that there are a few very wealthy people in these counties who raise the average income level too high to allow the county to be a redevelopment area. This could be avoided by making the criteria for designation as a redevelopment area a fixed percent of the population whose income is substandard.

There were a number of complaints from Board members and from the Executive Director about the funding of EDA projects. There have been a number of EDA projects approved which have not been funded yet. One of these is a \$39,000 grant for an industrial access road, which will open up 200 new jobs upon completion. No one will give them any explanation as to why they have not been funded. This is the type of thing that brings about disillusionment with the Federal Government. Promises should not be made to people by EDA if they cannot be kept. These EDD's need to see money, even in small amounts, if they are to justify their existence.

Mr. Pickett has never obtained an EDA business loan. He has gotten a number of SBA loans. He believes that EDA loans should be available for smaller amounts of money. He also does not like the EDA requirement that for every \$10,000 invested, you create one job. This is not always possible, but sometimes the result of one investment is to bring in more industry.

Mr. Pickett has problems with his economic development specialist. He believes Mr. Hagemeier has too much territory to cover. As a result it is impossible to get in touch with him. Mr. Hagemeier is out of the office a great deal of the time and there is no one else in his office who is able to help Mr. Pickett. It seems that if the economic development specialist

is to help the Executive Directors, he should have a small enough territory to cover so that he can be effective. He should also keep his staff informed on various developments so that they can be of assistance when he is out of his office.

Mr. Pickett also complained that he never receives a copy of approved project application. Thus, he does not know anything about the status of projects and is unable to help local people in the completion of projects. Very often the mayors of small towns are only part-time mayors. They are not knowledgeable on how to go about getting bids, floating bonds, and following the progress of a project. If the executive director were kept informed about the projects, he could be a great assistance to the local people in completing a project. EDA should keep the executive directors informed about the status of project applications.

Mr. Pickett attempted to make an application for EDA funds for a chicken processing plant. The Regional Office refused to accept this application and refused to give him a reason in writing. This seems to be totally unreasonable. If the Regional Office, or anyone else, rejects an application, they should most certainly be willing to furnish an explanation as to why.

OEDP

The OEDP was actually written by the staff, but Committees in the RA counties had met and decided on the inputs. Mr. Pickett believes that the OEDP is good because it makes people think about what their needs are. However, he thinks it is presumptuous for the local people to say what will bring about the growth of their area. They are not economists and are therefore not competent to know how to bring about economic growth.

Accomplishments

An EDA Technical Assistance Grant was obtained to study certain clays in the region and a report entitled, "Clay Deposits Survey Angelina County, Texas" was produced. The purpose of the report was to find possible uses for these clays. The District is presently trying to get EDA technical assistance to study uses for pinebark. Every other part of the tree is now being used.

An FHA grant for \$50,120 was obtained to do a water and sewer facilities survey and to produce a regional water and sewer plan for the next 20 years. A document was prepared by the staff, outlining the conditions of the water facilities in the City of Huxley. A total of \$155,000 was obtained from FHA for water and sewer facilities for the City of Corrigan. An EDA grant of \$201,000 was received by the City of Trinity for the construction of a water and sewer system. Loans from HUD for gas distribution systems have been received for Chester, Chireno, and Huxley.

Fourteen units of FHA public housing have been approved for the City of Cushing and 14 more units have been approved for the City of Chireno.

Eighty units of low cost housing and 120 units of elderly housing are under construction in Corrigan.

An application by the city of Nacogdoches was made for a grant of \$230,900 from the Texas Parks and Wildlife Department under the Land and Water Conservation Fund Program. To date, the city has received assurances of a grant of \$23,000 for the first phase of this development. A total of \$89,000 has been obtained from BOR for parks and playgrounds in Nacogdoches. The Alabama-Coushatta Indian Tribe received a grant of \$200,000 from EDA for recreational development.

Grants have been approved by the Texas Aeronautics Commission for landing strips in Hemphill and Gravatton. An application for a landing strip in San Augustine is pending.

A \$20,000 grant has been obtained from the OEO for the training of seasonal workers. A \$4000 grant from the Texas Education Association was obtained for the Diboll Independent School District for adult basic education.

The council is actively supporting efforts to raise sufficient funds for fire-ant control.

The District office has been responsible for eight SBA loans totalling \$193,000.

The Council has engaged in a regular informational program covering nine daily newspapers and 28 weekly newspapers, 11 radio and one television stations.

Mr. Pickett believes his office has been partially responsible for between 500 and 600 jobs. He was instrumental in helping local officials locate fiberboard and paperboard plants in the area.

Mr. Pickett believes the most important accomplishment they have had is getting local leadership working together, getting them to look across county and city lines to solve their problems. In his efforts to promote the regional concept, Mr. Pickett has talked individually to local officials. He meets with the city council of all the cities in the District and has spoken to over 100 local civic groups.

Recommendations

In addition to those comments discussed above, the executive director had a few more suggestions. He would like to see some type of pension plan set up for the employees of his staff. The way it is now, they have no retirement benefits. He also thinks EDA should do something to interest foundations in Economic Development Districts. He has written to a number of foundations, but has not received any assistance from them yet. He believes EDA should make money available for hospitals. They are important to the welfare of the people and are necessary before new industry will locate in the area.

Summary

There are many problems facing this District. The limited budget is keeping the staff small and making it difficult to fill the present vacancies. The Board realised the local contribution shares last year and is considering raising the dues again. This will be necessary or the District will be forced out of existence as EDA reduces its planning grants.

The Governor of Texas has ordered the preparation of Goals for Texas. These goals are similar to the goals of the District. They include education, economy, general government, health, housing, human resources, natural resources, recreation and open space, public protection, and transportation. Mr. Pickett believes this is quite important. The fact that the Governor's goals are the same as the District's goals is a benefit to the District.

The refusal of some cities to pay dues to the District is a very serious problem. It will be very difficult to bring about the development of the District without the cooperation of these cities. At this time all but seven or eight cities have joined. Efforts are being made to get them to join. The executive director, the President of the Board, and the Board members have all talked to the officials of these towns in an effort to get them to join the District. Mr. Pickett has made a special effort to get something into these areas to show them what the District can do.

A number of the Negro members of the Board are not well educated and do not speak much at the meetings of the Board. There is only one Negro on the Executive Committee. There are apparently no other groups in the area such as the NAACP or OEO working with the Negro problems. There is a Citizens Committee which used to be called the Negro Chamber of Commerce in Diboll. It works predominantly with the problem of housing.

The District has been very valuable to many small cities in the District. In most of the cities in this area, there are no city managers and the mayors are only part-time. They do not have the time to keep up on what programs are available and how to make out applications for funds. Most community leaders felt that this was the most important function of the District staff. Some local mayors said they wanted to do something but did not know how, prior to the planning grants program.

Mr. Pickett is trying to develop community leadership. He wants local leaders to learn how to help themselves. He has tried to do this by making sample applications for various federal and state programs for local officials to follow. He does not want to make out the applications for them, although in some cases he has found it to be necessary. This seems to be a good approach, especially since the staff of the District is so small.

There have been a few jobs created in the District and some work in recreation, but the main emphasis in this district so far has been primarily toward upgrading the living conditions of the poor. This is apparent by the number of housing and public facility projects that have been obtained.

Despite the limited staff and the local opposition, this District has accomplished a lot. Its value cannot be measured by the amount of federal dollars which it has been able to get into the area. It has become an important resource for local officials in carrying out their duties.

APPENDIX I

ESTIMATED BUDGET FOR DEEP EAST TEXAS ECONOMIC DEVELOPMENT
DISTRICT FOR 1970

EDA.	\$ 33,500
Local Cash	10,000
Local In-kind.	7,500
State.	10,000
LEAA	4,750
HUD.	<u>4,750</u>
	\$70,500

Committees and Subcommittees

Community Facilities Committee

- Sanitation Subcommittee
- Potable Water Subcommittee
- Housing Subcommittee
- Transportation Subcommittee
- Law Enforcement Subcommittee

Disaster Committee

Education Committee

- Elementary and Secondary Education Subcommittee
- Adult Basic Education Subcommittee
- Vocational Training Subcommittee
- Technical Training Subcommittee
- High Education Subcommittee

Employment Committee

- Labor Force Development Subcommittee
- Agricultural Development Subcommittee
- Industrial Development Subcommittee
- Business Development Subcommittee

Employment Committee

- Labor Force Development Subcommittee
- Agricultural Development Subcommittee
- Industrial Development Subcommittee
- Business Development Subcommittee

Health Committee

- Air and Water Pollution Subcommittee
- Diet Subcommittee
- Hospital - Nursing Home Subcommittee
- Problems of Aging Subcommittee

Minority Groups Committee

Natural Resources Committee

- Minerals Subcommittee
- Forestry Subcommittee

Public Information Committee

- News Media Subcommittee
- Elected Officials Subcommittee

Recreation and Tourism Committee

Research Committee

Youth Committee

- Foster Homes Subcommittee
- Youth Education and Employment Subcommittee

SOUTHSIDE PLANNING DISTRICT COMMISSION
(Formerly Brunswick County)

Original Staff

The Southside Planning District Commission or Virginia Planning District 13 officially opened its offices on January 1, 1970. This district was established by a state districting plan and formerly was a single county planning area, Brunswick County. Most of the comments below will therefore apply primarily to the Brunswick experience.

Currently there is a two-man staff which anticipates adding a third man, an economic planner-generalist, in Summer, 1970. The executive director of Southside is Mr. Robert W. Baker, a retired Army Lt. Colonel. Mr. Baker's activities in the Army were in the planning and evaluation fields as well as being commander of various sized field units. He indicated his greatest asset was that, because of his Army experience, red tape and paperwork did not bother him. He apparently possesses leadership and personality traits that allowed him to fit into the community even though he is not a native Southerner.

The Assistant Director, Mr. Douglas Carr, is a native of southern Virginia and holds a bachelors degree in economics from the University of Virginia. He has extensive experience as an industrial engineer.

District Composition

The Southside Planning District Commission is composed of the counties of Brunswick, Mecklenberg, and Halifax lying border to border in an East-West direction and averaging approximately 85 miles by 35 miles in the East-West and North-South dimensions, an area of approximately 3,000 square miles. Two immediately adjoining counties on the north boundary of the district have expressed an interest in joining the district, but their interest has not been encouraged since it would upset the state's districting plan, i.e., it would virtually destroy State Planning District 14.

The Brunswick County board of directors was somewhat hesitant about embracing the new Southside Planning Commission District idea because they feared the loss of the personal attention they were receiving from the planning staff. The same staff now serves three counties instead of one and, of course, is spread thinner. However, the only recalcitrant member of the district at present is the City of South Boston, which is the largest urban area in the district and regards itself as having made good progress without the planning district. The South Boston attitude toward the district is aptly expressed as "who needs it?"

Committees

The district has a limited number of committees, perhaps not unreasonably so given the relatively small population of Brunswick County and the relatively small amount of leadership in the community. The executive director says an expansion in the number of committees would simply put the same people on a number of different committees.

Currently the board of directors has 19 members. In addition, there is a newly formed law enforcement council of 12 members and an Industrial Development Corporation of 183 members. There is also an informal biracial committee of 16 members. This informal committee replaced a formal committee of the same type. The original formal biracial committee lost its effectiveness when the Black community began to regard the black members as "Uncle Tom's". The biracial committee is now used to "put out fires" to quote the director, i.e., to maintain racial harmony in the county. The executive director opines that economic growth benefits all district residents.

The executive director stressed that while formal membership on various committees is relatively small, public participation is desired. The executive director uses the local Rotarians as a sounding board for alternatives since it comprises most of the active white leadership.

Although Brunswick County, which has been operating for some time as a planning district, has a population that is approximately 65 percent black, there is very little black involvement except through three members of the faculty of St. Paul college, an all-Negro 4-year institution. Mr. Baker remarked that the Negro leadership tends to be better educated than the white leadership, which makes the white leadership somewhat antagonistic.

A factor retarding the growth of citizen participation is the availability of staff to attend a great number of evening meetings. Without the presence of either Mr. Baker or Mr. Carr, meetings tend to be disoriented and suffer from rapidly decreasing attendance.

Currently, an education committee and a recreation and tourism committee are being formed for the new three-county district.

Funding

Presently the Planning Commission budget is broken down approximately as follows:

FDA	\$23,000
State	\$15,000
LEA	\$ 3,000
Local Share	\$19,000

The state share was originally \$18,000 but the actual amount to be received is only \$15,000. The local share is raised primarily by a \$0.20 assessment per capita. Brunswick County at one point had a \$0.75 per capita assessment indicating that the planning staff was regarded as valuable.

Thumbnail Sketch

Virginia is composed of three predominant types of areas: urban (eastern) areas, rural mountains, and rural flatlands. The Southside Planning Commission District is predominantly the latter. The district is about 70 percent woodland and one of the more ubiquitous activities is forestry and lumbering. On the southern boundary of the district, along the North Carolina border, are several substantial lakes, Lake Gaston and Buggs Island Lake.

The rural character of the district is revealed by the presence of only one city, South Boston, with a population of 7-10,000, and 11 villages, the largest with a population of less than 4,000. In the villages it is still possible to observe people living in tar paper shacks, a problem which is apparently as much cultural as it is economic since the "shack-residents" spurn aid. A campaign to tear down the worst appearing housing had been undertaken, but was halted when it was found that each house removed revealed more dilapidated appearing houses behind it.

The district has abundant water resources and fair highway and rail transportation networks. Access to Richmond by highway is very good for almost all parts of the district, even though the district is on the southern boundary of the state.

The low population density in the district militates against the presence of capable leadership. It also helps explain why the staff is so heavily relied on to "do things". For example, Mr. Carr is helping local Sheriffs collect and establish records. He is also writing the technical sections of several applications.

Specific Issues

The Southside Planning Commission District is in the position of being both well established and newly established. It has been active in Brunswick County since 1965 but has been the three-county planning body only since January 1, 1970. However, even before the district was formed the Brunswick County planning staff was doing some multicounty work. The Brunswick-Mecklenberg regional airport and the Southside Community College are two examples.

From observation of several meetings it appears that Mr. Baker and Mr. Carr are well regarded throughout the district. One reason suggested by Mr. Baker was that early in the Brunswick County planning experience they

"fell into" a number of projects. Mr. Baker emphasized that the district residents wanted success immediately.

Problems

The problems as perceived by staff and acceded to by community leaders are related to:

- (1) Declining tax base
- (2) Outmigration
- (3) Education
- (4) Water and sewer facilities
- (5) New Industry
- (6) Housing
- (7) Attitude
- (8) Time

In Brunswick County the problem of a declining tax base has been ameliorated somewhat due to success in obtaining new industry. However, for the district as a whole this does not yet appear to have occurred, especially for rural taxing jurisdictions.

A recent study in Brunswick County pointed out that the population size has been virtually stagnant for the past 200 years. It also revealed that the county is losing most of its young whites and many of its young blacks through outmigration. It is the contention of the executive director that if the area is to progress in the long run, this situation must be corrected since in his view the area's youth will determine its future. The differential net outflow of whites and blacks is increasing the proportion of blacks in the area.

Education is a particularly pressing problem in this area. First, the labor force is relatively unskilled and needs general and vocational training. Second, there is a private school system in Brunswick County competing with the public school system. The private system has an all-white student body and a faculty culled from the retired and those who could not face integration. [The public system has predominantly black students (approximately 70 percent).]

While the public schools have a 19:1 pupil-teacher ratio, the private school drains over \$500,000 of needed resources into duplicate facilities. Not only are resources diverted but pressure has also been brought on the public school board to reduce taxes and expenditures thus imperiling public education.

This situation in part reflects the attitude that is prevalent in the community. The racial problem and integration are sensitive issues in southern Virginia and limit directly and indirectly what the district staff can do. Further indications of attitude are revealed by the resistance to

growth and changes on the part of some community members, who suggest that if they wanted change they would move elsewhere. Still another reflection of attitude is a press clipping from the initial period of the Brunswick County planning activity. A petition carrying 350 signatures was presented to a county supervisors meeting protesting the use or attempted use of any federal funds in the county.

The executive director said that perhaps attitude and time were the district's biggest problems. A change in attitude is needed to foster growth and involvement as well as community integration and this all takes time. Speeding up integration of the schools in this situation reduced the resources for growth, promoted inferior education, and created more barriers to effective community involvement.

Housing is visibly in a state of deterioration. While there is some new building it is not keeping pace with the deterioration and dilapidation of the existing housing stock. The executive director sums up the problem by saying that to obtain new housing people must first have "good" jobs, but to have good jobs means having new industry which implies having both a better educated and trained labor force and community facilities. He raises the question of what comes first: social overhead capital, new industry, or better trained manpower.

Water and sewer facilities are important because many small villages and most of the nonincorporated areas either do not have adequate water and sewer facilities or have no such facilities. This is the result of the age of the villages and the low density. Under such circumstances water and sewer projects are necessary as a precondition for attracting industry.

Role Conception

The staff views its role to be:

- (1) To instruct district members on how to do industrial prospecting and to provide staff support to local industrial prospecting efforts. Formerly the planning staff was actively engaged in industrial prospecting, but now with a three-county responsibility they feel that industrial prospecting on their part will lead to frictions and inter-community jealousies over the location of industry.
- (2) To provide technical services of all types to member jurisdictions. These services consist of information, planning, application processing, and analytic services.
- (3) To help provide public facilities conducive to plant location as quickly as possible.
- (4) To promote better education and training in the district. This reflects an awareness of the role of youth in the

progress of the community as well as the unfortunate dual school situation.

- (5) To change community attitudes. This attempt to influence attitudes extends to attitudes toward growth, industrialization, integration, education, and toward change itself. The staff undertakes to do this as subtly as possible.
- (6) To use the A-95 review authority as a means of coordinating district-wide planning, particularly with respect to highways.
- (7) To do anything possible to improve the district irrespective of its "growth" pay-off.

The staff appears to act in accord with their role conception. For example, Mr. Baker was instrumental in obtaining the Southside Community College and Mr. Carr has been involved in supporting the public school budget.

The staff has become involved in the law enforcement program of the Justice Department not because it offers much prospect for growth nor because law enforcement is a pressing problem. Frankly they admit, the money is available and therefore they use it to establish better rapport with various community members and promote more intercommunity cooperation.

Staff support for industry is impressive not just in terms of providing industrial prospecting support and processing business loans and so forth, but also in visiting local bankers and arranging business loans.

Recently a large furniture factory in the district was forced to close its doors because of the unfavorable economic situation. This was a decided setback for the Brunswick County industrialization effort. One of the primary goals of the staff is to find a plant to occupy the new but vacant factory buildings. On their own initiative Mr. Carr and Mr. Baker have arranged an expansion for a Negro businessman in conjunction with the absentee owner of a building. The idea for this project came from the staff and they assumed the follow-through responsibilities, i.e., arranging loans, setting up records, and the like.

OEDP

The OEDP for the new Southside Planning Commission District is currently being written by the staff, primarily Mr. Carr. It is unfortunate that the OEDP must be submitted in June using largely dated statistics. The executive director said the OEDP for Brunswick County was a useful document and its preparation a useful exercise. He also commented that he thought the EDA handbooks were extremely useful. Related to this issue, a comment was made complimenting the State Economic Development Specialist for his helpfulness.

Constraints

There are a number of constraints hindering the operation of the District Planning staff. The most important constraint at the moment is the school crisis described above, which divides the community and diverts resources to inappropriate uses.

The school crisis is related to the attitude of many of the local residents, a number of whom the staff classify as "red-necked" farmers. Similarly, attitude toward growth is a constraint, especially the attitude of older residents.

Further constraints are imposed by the low tax value of the district and its low population density. There is also an attendant problem of difficult communications with the poor who often do not have telephones, television sets, or radios, and cannot read, unbelievable as it may seem.

A constraint exists in that Lake Gaston and Buggs Island Lake on the district's southern boundary are interstate bodies of water. This increases the problems of planned and coordinated development of these excellent water resources.

Other Issues

This district or the Brunswick County Planning District was started without EDA funds. The staff and community firmly agree that the planning activity would continue, at least for Brunswick County, if EDA money were withdrawn, although perhaps at a reduced level of operation. The former high per capita assessment to support the Brunswick planning activity tends to confirm their statement.

The achievements of the district staff are numerous. They are documented by four albums of press clippings pertaining to district activities. When queried about the projects and industrial prospecting in which he had been involved, Mr. Baker said he really didn't know and further did not keep records on all such activities.

Mr. Baker contends that the staff cannot help but be strongly involved in local politics. He stresses that this involvement must be behind the scenes and not visible. In fact a change in the political climate was one of the factors allowing the planning staff to become as effective as they have. This change involved the replacement of two arch-conservative county supervisors with more moderate individuals.

Two minor issues are that the staff maintains excellent press relations and therefore gets good publicity and that the District director is not suffering from Parkinson's law. It is also noteworthy that the executive director maintains close relationships with some of the most powerful state political figures, including an Ex-Governor and Supreme Court Justice.

A subjective evaluation of the district's success would be based on Mr. Baker's outgoing personality and his ability to recognize problems and formulate practical, ad hoc solutions.

Discussion With State Planning Officials

An informal meeting was held with Mr. DeCair and Mr. Anderson of the Community Affairs Section of the state planning office. Their reaction to the Southside Planning Commission District is very favorable and they believe the staff is well regarded throughout the district and in the state administration.

These two individuals stressed that their experience had been that Districts could not be evaluated in a comparative sense but must be done on a case-by-case basis. This is because the basic situation differs so much politically, geographically, and so forth from District to District in Virginia.

They also mentioned that the state has been slow getting into the field of District planning and is still groping for the direction to take. One of the reasons for a deliberately slow pace is the suspicion of state and federal people held by many state residents.

Conclusion

The Brunswick County Regional Planning and Development Commission appears to have been a highly successful venture from EDA's perspective except in the absolute number of local people involved and in black representation. This latter seems to be more a reflection of community attitudes than dereliction of duty by the staff. It may well be that the number of local people involved is constrained by the amount of both interest and leadership in the community.

Initial steps are being taken to extend planning efforts to encompass all of the newly formed Southside Planning Commission District, but how successful this venture will be is unknown. Based on past successes the EDA planning grant money is well "invested" here.

THE GREAT LAKES INTER-TRIBAL COUNCILIntroduction

The staff of the Great Lakes Inter-Tribal Council consists of two people. They are the Reservation Development Coordinator, Mr. Joseph Porcarelli and his secretary, Miss Mary Malone. Their office is located in Bowler, Wisconsin. The Council consists of ten Indian Reservations: Bad River, Potawatomi, Lac Du Flambeau, Mole Lake, Red Cliff, St. Croix, Stockbridge-Munsee, Winnebago, Lac Courte Oreilles, and Oneida. There are about 7,500 Indians in the State of Wisconsin and about 5,500 of them live on the Reservations in the state.

Three of the Reservations have written OEDPs. These three are the Lac Du Flambeau, the Lac Courte Oreilles and the Stockbridge-Munsee. In addition to the Great Lakes Inter-Tribal Council itself, each of the reservations has an appointed OEDP committee. These committees vary in effectiveness from Reservation to Reservation. There are other committees formed to address themselves to specific problems, such as drawing in industry, setting up industrial parks, or developing tourism and recreation. The entire Tribal Council and committee structure while it does exist is not a particularly useful vehicle for the Indians to develop their relationships with the non-Indians. The Indian needs training which can build his confidence in his ability to deal with non-Indians. The committee structure, however, does not lead to contact and interaction with the non-Indians. The funding of the district office for this year is \$26,000 in federal funds and \$9,000 as the local share.

Description

The portions of the State of Wisconsin in which the Indian Reservations are located are fairly isolated. The Reservations are typically located near lakes making them attractive to tourists, fishermen, and those interested in other types of water oriented recreation. One must drive approximately 800 miles to visit all ten of the Indian Reservations. The Reservations are scattered and therefore, do not lend themselves to a single economic base. The base may include agriculture, handicrafts, manufacturing, or tourism and recreations. In general, however, the Reservations are endowed with a wide variety of natural resources which represent raw materials which they can use for promoting economic growth and development. These natural resources consist primarily of timber and land which can be used for agriculture or for tourism and recreation. The land could be sold to obtain capital for investment purposes. Other natural resources which exist in the area include water, fish, wildlife, and certain minerals.

One of the most striking features of the operation of the Great Lakes Inter-Tribal Council is that EDA has not funded an action project in the area. The only EDA funds obtained are for planning. The Council has however, obtained some funds from OEO and some funds from SBA and has made applications for funds from the Ford Foundation. In addition to these sources, there are other various sources of income which produce small amounts of money to assist in developing potential projects.

The selection of a man to operate as the development coordinator for the Great Lakes Inter-Tribal Council was difficult. It was necessary to find an individual who could act as a spokesman for the Indians, who could act as a public relations man for the Indians, who was familiar with the intricacies of applying for federal assistance from the different agencies, who could earn the allegiance of the Indians and who would be willing to spend a considerable amount of time simply driving among these Indian Reservations scattered over the State. In addition, the development coordinator also had to be willing to spend a considerable amount of time in trying to find and develop sources of funds for different projects in the Council area. The position of development coordinator required that the individual be able to deal with the Indians with a great deal of tact and that the individual also be able to communicate easily and freely with the Indians.

Mr. Porcarelli fits the requirements very well, and is doing an excellent job. The general reaction by the Indians regarding the effectiveness of the development coordinator and his office was that he was doing a very good job and that his office was providing a valuable service to the Indians.

The basic problems of the Great Lakes Inter-Tribal Council according to the development coordinator were, first, that someone needed to demonstrate to the Indians that they can become effective and productive citizens. This involves gaining their confidence, teaching them skills, and teaching them confidence in their ability to perform in their area of specialization. In those cases in which Indians had become skillful and had developed confidence in their ability to perform, it was demonstrated that they were capable of competing with the non-Indian.

The development coordinator saw the problems brought about by the Tribal Council and committee form of organization as the second major problem. The difficulty of getting the Indian into the mainstream of economic activity outside the Reservation is compounded by their distrust of the non-Indian. Throughout Wisconsin there is a wide diversity of relationships between the Reservation and the adjoining or surrounding non-Indian community. The relationship between the non-Indian community and the Indian Reservation tends to be important in the manner and extent to which the Indian is capable of developing and performing off the Reservation. The Indian Reservations which had close contact with the non-Indians were not as poor or depressed as those which were isolated from the non-Indian community. The policy of dealing with the Indian on the Reservation and not the Indian/non-Indian community as a whole, does not seem to be the proper approach to the problem of assisting the Indian in moving into the economic mainstream.

The development coordinator views his role in assisting the Indian Reservations in their planning and development activities primarily as a public relations man, as a salesman, as an individual bridging the gap between the Indian and the non-Indian, and as an individual who knows how and where to turn in order to obtain funding for different projects. Furthermore, he sees his activities as being to educate the Indian concerning how to react to different situations in the outside world, as a developer of leadership among the Indians, and as a mediator among Indians for some of the disputes which arise which could potentially endanger the activities of the Council.

Among the Reservations which have written OEDP's are the Stockbridge-Munsee Band of Mohican Indians who wrote it with the assistance of Mr. Gerald G. Udahl of the Northern Wisconsin Development Center. The Lac Courte Oreilles Band of Chippewa Indians also wrote their OEDP with the assistance of the Northern Wisconsin Development Center. The Lac Du Flambeau Band of Chippewa Indians wrote their OEDP virtually on their own. Thus, of the ten Reservations, three have completed the OEDP. It was the opinion of the development coordinator that this was a useful exercise for the Indians to undertake and that it brought them together a mutual recognition of their problems. The OEDP's written with the assistance of NWDC were typical OEDP's providing a useful catalog of resources and some discussion of potential projects. The OEDP written by the Lac Du Flambeau Band of Chippewas, while technically a poor document, was a most useful OEDP. It is direct evidence of local participation and interest in the problems of the community.

There were several issues which were pointed out as potential constraints on the activities of the coordinator. The first of these was the problem brought about by the federal government's reluctance to dispense small amounts of money for very small projects. The coordinator argued that "seed" money should be made available to Indians in order to get very small businesses off the ground. This would allow them to develop jobs specifically for Indians in the District who presently are unable to find or keep employment in existing non-Indian businesses. The coordinator argued that this money need not necessarily be large blocks of money but need only be small blocks of money to act as a nucleus of funds. Subsequently more funds could be applied for, if necessary in order to fully develop the business.

The second major constraint which the coordinator discussed was the constraint offered by the federal government's unwillingness to engage in high risk investments. It was the coordinator's argument that the less risky investments usually represent those types of investments for which funds are more likely to be available privately than the very high risk investments. Thus, it is apparent that, if the federal government is to fully realize its role as a provider of a particular good which is not necessarily provided by the private market mechanism, then it ought to begin to fund those projects for which private funds are unavailable.

As a third constraint, the coordinator pointed out that the staff for the Council was entirely too small to serve the existing Indian population. The number of Indians in the state is relatively small, but they are scattered over the state. This results in a great deal of the time of the coordinator being used in travel from one Reservation to another. If he had a larger staff, the amount of time consumed in travel could be reduced considerably.

One of the major issues raised by the coordinator was concerning several different industrial parks which the Indians would like to develop. When they bring an industrial location prospect out to the parks, the prospect loses interest in locating in the park because, as they view it, it would be approximately 2 to 2 1/2 years before they could build a plant in the park. This is how long the industrial prospect anticipates it would take to develop the park using federal funds. Many of the industrial parks which the Indians are trying to develop need a considerable amount of work before an industry would be willing to locate on them. The parks with some exceptions frequently are still wooded, do not have any roads, frequently need to be drained, may not be properly connected to a sewer system, or may not be connected to a water supply.

The problem with this situation is that EDA does not want to fund improvements for an industrial park unless the developer has an industry committed to locate in the park. Most industries are unwilling to commit themselves to locating in an undeveloped park. The decision to locate a new plant is not made on a 2 or 3-year horizon. The time span is usually 2 to 6 months. In order for the money to develop industrial parks to be effective EDA must modify the "bird in hand" criterion and be willing to fund projects to prepare industrial parks so they are attractive to potential locators.

In general, the Tribal Council development coordinator was quite favorably disposed towards EDA and its activities. It was his feeling that EDA planning grants represented a source of funds which did not constrain his activities, allowing him to operate in virtually whatever fashion that he felt was necessary in order to achieve development. For this reason he had a very high regard for the EDA and its activities. In addition, he felt that EDA procedures for obtaining funds were among the most simple and most straightforward of all procedures from all the different agencies. He also expressed his appreciation of the Northern Wisconsin Development Center which has contributed a great deal of time and effort helping him.

Projects

The coordinator, in cooperation with the Indian Tribes, has developed a set of potential projects. There is, in this set, one project for each of the Reservations in the Inter-Tribal Council and each of these projects represents the top priority project for that particular Reservation. These represent the one project for the Reservation which the Indians and the development

coordinator feel is their crucial project necessary to assist the Tribe and to begin to lower unemployment, raise incomes and help them reenter the mainstream of economic activity. The technical support for most of the projects has come from the Small Business Administration and from the Northern Wisconsin Development Center.

These projects are listed below under the name of the Reservation:

- (1) Bad River. This Reservation has a population of 526 Chippewa Indians. They have 2,500 acres which are suitable for commercial wild rice paddies. A demonstration project of 100 acres is presently being implemented on this Reservation. The source of the funds for this demonstration project are quite varied because there is no single agency that has been willing to fund the entire project. In addition, the project was not funded in its entirety from the start but rather periodic infusions of funds are necessary as the project continues to develop. It is estimated that a cost of \$1,000 per acre is necessary in order to develop the land for commercial wild rice paddies. In addition, the processing, packaging, and cold-storage plant is estimated to cost about \$55,000.
- (2) Potawatomi. On this Reservation live 146 Potawatomi Indians. They have harvested pulp wood by hand for a considerable period of time. However, they need heavy machinery and equipment to upgrade their ability to harvest this pulp wood so they can compete with the non-Indian at his technological level. Estimated costs to upgrade this particular harvesting technique is \$49,000.
- (3) Lac Du Flambeau. There are presently 800 Chippewa Indians living on this Reservation. They have several potential projects to be developed but the one upon which they place the top priority is the project of providing rearing ponds to allow the fish fry which they grow at the hatchery to develop to fingerling size prior to being released in the lakes. Thus, when they are stocked in the lakes they have a much higher chance of survival. The fingerlings that they would grow would be Walleye fingerlings. These fish can be sold commercially, used for their own food, and will draw sport fishermen into the area. It would cost approximately \$58,000 to complete the project in order to develop the rearing ponds and in addition, these funds would be used in part to improve the appearance of the hatchery so that it would be more attractive to tourists.
- (4) Mole Lake. There are 113 Chippewa Indians living on the Mole Lake Reservation. They have 500 acres which is quite adaptable to commercial wild rice paddy development. The

cost of this development would be approximately \$1,000 per acre.

- (5) Red Cliff. Approximately 299 Chippewa Indians live on the Red Cliff Reservation. This band of Indians presently owns a building suitable for custom manufacturing. In addition, they have obtained a few pieces of the equipment necessary for the manufacturing process in this plant. They have also made contacts with private sources in order to be able to market the product which they would produce. The funds which they need to purchase additional equipment and to train the 30 to 50 people necessary to operate the manufacturing plant would be \$150,000.
- (6) St. Croix. There are 564 Chippewa Indians living on the St. Croix Reservation. The land on the Reservation is highly suitable for commercial wild rice paddies. In addition to the potential development of the wild rice paddies, the Reservation has an industrial park for which they are presently unable to locate a user. However, it is their contention that if they place a building on this industrial park that it will be much easier to obtain a user. Thus, they recommend constructing a 20,000 square foot all-purpose industrial building on the industrial park.
- (7) Stockbridge-Munsee. There are approximately 214 Mohican Indians who live on the Stockbridge-Munsee Reservation. At the present time they are operating a small fiberglass plant in its very early stages of development. The fiberglass plant is owned and operated by the Indians, employing seven people. The Indians have demonstrated that they can develop the skills necessary to produce "small job" type fiberglass projects on a contract basis for other manufacturers. This particular project could conceivably employ 30 to 50 but to expand the size of the plant and the training, it is estimated that the project would require \$37,000.
- (8) Winnebago. There are 1,800 Winnebago Indians who live on the Winnebago Reservation. This group of Indians has an excellent potential for developing their own custom wood-working industry. It is estimated that this industry could employ up to 100 Indians and they have a guaranteed market. The project to develop this industry and to train the people necessary is estimated to cost \$200,000.
- (9) Lac Courte Oreilles. There are 756 Chippewa Indians who live on the Lac Courte Oreilles Reservation. Their total Reservation includes 44,610 acres of land. A considerable

amount of this land is highly suitable for commercial wild rice paddies.

- (10) Oneida. There are 361 Oneida Indians who live on the Oneida Reservation. These Indians have spent a considerable amount of time, effort, and funds to develop an industrial park on land which they own near Greenbay. This land has been cleared, a road bed has been laid, and electrical wiring has been led into the park. It is their contention that the only-thing they need to sell their industrial park to potential investors is completion of a multipurpose industrial structure. This structure is estimated to be approximately 16,000 square feet in size and would cost approximately \$7.00 per square foot to construct.

CONCLUSIONS

The following items represent general conclusions about what the development coordinator has accomplished, and what EDA might do to enhance his continued effectiveness.

- (1) EDA must fund some projects soon. Otherwise the credibility the coordinator has among the Indians will be lost.
- (2) Compared to all of the districts visited, the Wisconsin Indians represented a minority group which has as great (and perhaps greater) a need for assistance as any other minority group observed.
- (3) The federal money spent on planning grants is receiving a very high rate of return. EDA should definitely be willing to continue to fund the development coordinator and his office, if for no other reason, simply because there is no other federal agency prepared to fund it.
- (4) The activities of Mr. Porcarelli had more direct, real-world impact (obtaining additional jobs and raising the incomes of the individuals in the Reservations) than did the activities of any of the other districts which were visited. In most of the districts the activities were several stages removed from impact on individuals who were unemployed or who had very low incomes. Mr. Porcarelli, in contrast, has been personally involved in demonstrating how to operate machinery, how to survey land, and showing the Indian can to cultivate and harvest wild rice.

FINAL REPORT
EXECUTIVE SUMMARY

In February, 1970, the Economic Development Administration (EDA) contracted with the Columbus Laboratories of the Battelle Memorial Institute for a study of the EDA planning grants. The purpose of the study was to appraise the efficacy of the planning grants program established under the 1965 Public Works and Economic Development Act; other EDA programs were not examined perse, nor was the desirability of Economic Development Districts.

In the course of the study--which lasted through April, 1970--Battelle conducted intensive field investigations in 26 Economic Development Districts, Redevelopment Areas and Indian Reservations, about one-fourth of the districts created up to that time. The field investigations included interviews with the Executive Directors and other professional staff members of the planning grant recipient areas, members of Boards of Directors of recipient agencies, and other residents of the districts, as well as examinations of various EDA and district records. Seven Battelle staff members conducted the field studies. The interviews intentionally were unstructured and informal to permit Battelle to explore local situations and problems that may be peculiar to a given district, and to encourage the interviewees to discuss matters more openly and fully. Accordingly, some comments on findings were obtained that are not explicitly reported by Battelle, although the insights gained by Battelle researchers from such "off-the-record" discussions are reflected in the findings recorded in the summary report.* To assure a

* Separate field reports for each of the 26 districts were prepared and have been bound in a separate volume, while the summary report pulls together in a more general way the findings of the 26 field investigations.

degree of uniformity among the 26 field investigations, while leaving the interviews informal and relatively unstructured, the participating Battelle researchers covered a common body of background materials and discussed the purpose and nature of the study in a week-long "orientation" session. Moreover, close contact among the researchers was maintained throughout the study. Thus, the final report draws upon the 26 case studies and presents general findings that are applicable--within stated limitations--to all planning grant recipients.

Because the EDA planning grants are used to obtain and keep a professional planning staff, evaluating the planning grants program comes down to evaluating the staff activities and the impact of those activities on the community, e.g., fostering greater citizen involvement. This does not deny the existence of benefits arising from the act of organizing an EDD or from its mere existence, but in a short project these facets could only be treated cursorily. Some of the major findings and conclusions of the Battelle study are discussed briefly below.

(1) Battelle found in talking with planning grant staffs that the Overall Economic Development Plan (OEDP) that is required by EDA is generally regarded in the districts as a requirement that must be met as a prerequisite for funding of EDA grants rather than as a helpful planning document. Although many districts feel preparation of the OEDP serves a useful "orientation" purpose in that it acquaints the staffs with their respective districts and available data sources pertaining to them, the feeling that the OEDP keeps staff members from more needed and interesting endeavors also is widespread. The requirement that future project applications be in conformity with the

OEDP is met by keeping the OEDP rather general, and including all types of projects that might possibly be funded. Accordingly, Battelle feels that some changes are necessary if the OEDP is to serve as a useful planning document.

There is much evidence that EDA-Washington has been overly concerned with the form of the plans, often at the expense of review of substance. Battelle suggests a shift in emphasis, placing substance first while tolerating some inconsistencies (errors, if preferred) in form.

Finally, the setting of priorities and development of a "strategy" within the OEDP was not found. Basically, this reflects the fact that the districts and the communities view the federal treasury as inexhaustible. So long as the funding of a sewer project in Community A has no bearing on the prospects for getting other district projects funded, there will be no incentive to establish priorities. Moreover, where priorities are established they tend not to be meaningful, in that the districts adopt the pragmatic approach of taking money when it is available--and thus of implementing a low-priority (but fundable) project while by-passing a high-priority (and unfundable) project.

It should be noted that the district directors agree planning can serve a useful function. However, they note that they and their "constituents" are action oriented rather than planning oriented.

(2) The Positive Action Programs (PAPs) required of the growth centers as a prerequisite for EDA grants were found to require excessive detail and, more importantly, to serve no apparent purpose being essentially disregarded for planning or decision-making purposes. Because Battelle

found no evidence that the PAPs are used once they are assembled, it is recommended that they no longer be required.

(3) Although EDDs typically are organized along the lines suggested by EDA to include a Board of Directors and various committees, Battelle found that the districts in reality are run by the Executive Directors and the full-time professional staffs. The main reasons for this include the infrequent meetings of the Board of Directors and the committees and the geographic dispersion of Board members throughout the multi-county districts, making more frequent meeting--either formal or informal--inconvenient.

Although one can sympathize with the stipulations designed to give minorities a voice in district operations through membership on Boards and committees, a more effective voice for minorities would be achieved if they were represented on the EDDs' staffs, largely because Board members and committee members do not choose to exercise effective control over district activities and because minorities comprise a small proportion of board members. Boards generally do not exercise control because Executive Directors are sensitive to the interests of the majority of board members.

(4) Because the EDA planning grants require local sharing of costs, and because most of the local funds are put up by local governments, the district staffs find they must be responsive to political forces within their respective districts if they are to continue to receive local support. This has several implications, including the fact that minority appointees to Boards of Directors and committees tend to be those who are "accepted" by the local political leaders. Also, continued local support for an EDD can be taken as a measure of local acceptance and support of the EDD. In this

connection, it perhaps should be noted that EDA programs are among the more popular federal programs. This relative popularity stems in large part from the fact that EDA-Washington (the "Feds") is less "visible" locally than are such agencies as OEO. It was found in the districts that even residents of the community in which the EDD staff is headquartered did not recognize the name of the district, let alone its federal sponsorship; rather, a stronger identification is made with the name of the Executive Director.

(5) Executive Directors and their staffs are, with very few exceptions, hard-working and devoted to the task of assisting their districts. "Assisting their districts" basically means generating more jobs and income. This objective is pursued in a variety of ways, including: (1) industrial prospecting; (2) grantsmanship (i.e., helping to obtain federal grant dollars for the district); (3) planning; (4) helping businesses get EDA and other agency business loans; and (5) other functions including serving as an information source and clearinghouse. Relative emphasis upon these activities varies among districts, except that EDA business loans are uniformly held in low regard. Reasons for the lack of popularity of these loans include the great lapse of time between application and the rendering of a decision, and the feeling that the standards for loan recipients are too high.

Among the activities, industrial prospecting (trying to entice businesses to locate in the district) and grantsmanship (helping local government learn about and apply for federal--including EDA--grants) are the major functions of planning grant staffs. Of the districts studied by Battelle, some stress grantsmanship and do almost no prospecting, some concentrate on industrial prospecting and tend to ignore grantsmanship, and

some approach balance between these activities. Why the districts vary so greatly in their relative emphasis on these functions is not precisely known, although some apparently important factors include the personal preferences of the Executive Directors and the existence of other groups or organizations that perform one or the other of these functions. "Industrial prospecting" is more common the smaller the geographical area of the EDD or RA. This is because of reduced competition within the district or county for the new business. One of the key reasons cited for not doing "industrial prospecting" was the fact that communities are in intense competition for new industry and any staff efforts affecting intra-district location would have serious repercussions in the form of reduced cooperation by the communities "losing" the new business.

(6) Planning grant recipients may duplicate the activities of other agencies or organizations. Thus, Chambers of Commerce and local government leaders often are active in industrial prospecting. However, where this is the case the EDD staff tends to do less prospecting. In other cases, there are other federal agencies or local government employees who fill the grantsmanship role, so that the EDD staff is needed less for this purpose.

A perhaps more important implication of having EDD's overlapping other groups' activities is that evaluation of district performance is very difficult. For example, where the EDD staff and other groups have participated in industrial prospecting, the attribution of credit for the purpose of evaluating performance or effectiveness is complicated. Also serving to make EDD evaluation difficult are national and/or regional economic conditions (prospecting will be more successful--and may even be superfluous--under "boom"

conditions) and federal budget developments (changes in federal grants funding will affect grantsmanship efforts).

As noted earlier, continued financial support for EDD planning grants staff at the local level may serve as a rough measure of performance--local governments will put up funds only so long as they perceive benefits at least equal to their costs. To provide more information to and evaluation by EDA-Washington of planning grant recipients, Battelle has devised an evaluation-reporting form that could be used at specified intervals (this form is in Appendix A to the report).

In general, Battelle feel the planning grants serve a useful purpose and should be continued.

FINAL REPORT

on

EVALUATION OF ECONOMIC DEVELOPMENT ADMINISTRATION PLANNING GRANTS

to

ECONOMIC DEVELOPMENT ADMINISTRATION DEPARTMENT OF COMMERCE

PREFACE

In early 1970, the Economic Development Administration (EDA) of the Department of Commerce began a series of evaluation studies of EDA programs. These studies covered each of four separate EDA programs--planning grants, technical assistance, business loans, and public facilities--as well as some cross-program problem areas such as EDA activities in urban areas. In January, EDA requested proposals from a number of research organizations for the conduct of some of the evaluation studies. Based upon its proposal Battelle was selected to perform the planning grants evaluation study. This report is based upon that study which began in February, 1970, and ended with the submission of a draft of this report on May 1, 1970.

The fundamental approach to the study, as formulated by EDA, involved field studies of the effectiveness of the planning grants (and the development district organizations supported by them) in 26 different areas, representing about one-fourth of all planning grants in existence in early 1970. These field studies resulted in field reports which have been published separately.

Early in the study the team members discussed district objectives with the EDA Washington staff and examined a number of evaluation documents and other background materials pertaining to EDA programs. Team members were given considerable flexibility in the field visits in order to permit them to exploit research opportunities as they developed and to attend meetings and participate in district activities to obtain a better picture of those activities than could be obtained by interviews alone. In some cases, information was obtained by telephone to supplement the field findings.

Periodically during the time of intensive field work, the team members met together to discuss their initial findings and improve their hypotheses and research approaches. The research findings that appear in this report were formulated jointly by the several members of the Battelle research team after completion of the field work.

INTRODUCTION

Development of the District Program

Under the Area Redevelopment legislation--the precursor to the Public Works and Economic Development Act of 1965 under which EDA now operates--there were no development districts. Rather, individual counties were designated as redevelopment areas, required to undertake economic development planning and propose projects consistent with economic development plans. A major shift in program philosophy reflected in the 1965 Act was that the single county redevelopment area is too small to serve as an effective unit of development. Thus, while continuing to designate areas on the basis of individual counties, the Public Works and Economic Development legislation was drafted to encourage the formation of Economic Development Districts (EDDs). A "growth center" was to be identified for each EDD, with such centers serving as focal points for redevelopment aid rather than spreading the available aid more thinly throughout the individual counties.

The major incentive toward the formation of an Economic Development District is that such action permits the designated growth center of that district to become eligible for EDA funds. Because the growth center does not lie within a redevelopment county, it would not become eligible for EDA assistance without the mechanism of district formation. A second incentive for the formation of a district is the "bonus" provision that permits EDA to pay an additional 10 percent of project costs in redevelopment counties that have joined into a district.

These incentives are meaningful only when two or more redevelopment counties and a potential growth center are in sufficient geographic proximity to make the development of a district feasible. In cases where these criteria cannot be met (e.g., an isolated redevelopment area such as a single depressed county or an Indian reservation), districts cannot be formed.

Following the passage of the Public Works and Economic Development Act in 1965, EDA staff began the task of explaining the district provisions to state and local leadership and encouraging the formation of districts. After a period of considerable controversy over the appropriate size and boundaries of the districts in general, and a number of districts in particular, various districts were formed.

To enable a district to obtain a staff to undertake economic development planning and submit project requests, EDA provides a program of assistance called "planning grants" that is available to organized districts. These planning grants cover up to 75 percent of the costs of keeping a district staff, with local contributions covering the remaining costs. The average district budget is about \$50,000 per year, an amount which is sufficient to pay for about three full-time staff members and related office supplies, rent, travel, and secretarial expenses. The annual cost to EDA of the planning grants program is approximately \$5 million.

Scope of the Present Study

This study considers the effectiveness and value of the EDA planning grants program. Given this restricted scope, the present study is not concerned with the effectiveness of either total EDA operations or such specific EDA projects or categories of projects as technical assistance, business loans, or public facility grants; nor does it directly consider the value of the concept of having economic development districts, or the advantages and disadvantages of particular size districts. The basic questions to be answered are: What do district staffs do? How and along what dimensions does the planning grant program affect events in the districts?

The Battelle evaluation is structured around field observations and interviews undertaken in 26 economic development districts, redevelopment areas, and Indian reservations selected by EDA. In preparing this final report, 26 field examinations have been analyzed and compared. Many of the dimensions of the investigation are essentially qualitative and often subjective in nature.

Planning grants are also provided to individual county Redevelopment Areas (RA's) and Indian Reservations. Several RA's and Reservations were included in this study. Unless otherwise indicated, the comments in the report on district problems and activities also apply to the RA's.

CHAPTER 1. METHODOLOGICAL ISSUES AND APPROACH

Careful and rigorous research requires a specification of the methodology used and, where it diverges from the normal or expected experimental method, an explanation of the divergence. It is also necessary that all good research specify the limits of the science or the state-of-the-art. Finally, to be interpreted correctly a research report must be its own most severe critic--but not apologist--in pointing out limitations of the study. It is convenient in terms of logical progression to deal with these issues in reverse order.

LIMITATIONS AND CONSTRAINTS

A number of limitations in the study were to be expected, given the unavoidable time constraint and the inevitable budget constraint. However, above and beyond these constraints are limitations introduced by the state-of-the-art. All constraining forces operate to reduce the authority of the results, but when they are explicitly considered, they do not destroy the creditability of the results.

Control Group

In this study only Economic Development Districts and Redevelopment Areas that applied for EDA funding, met the requirements, and were funded were visited and observed. Thus, there was no control group.

This is not an insignificant issue because it is reasonable to assume that the areas included in the study possessed some special characteristics that differentiated them from other areas that did not receive EDA planning grants. For example, what prevents an otherwise eligible area from organizing and applying for EDA planning grants funds? Some candidate characteristics are: community attitude, information available to community leaders, ability of community leaders, and the availability of strong leadership, in particular, organizational leadership.

In evaluating the planning grant program, it is legitimate to ask whether performance in the district with a planning grant program funded by EDA was superior to what would have occurred in the absence of the planning grant. In general, the only way to answer this question is to undertake a detailed project by project or event by event analysis of everything with which the planning grant staff has been associated and attempt to establish a cause-effect relationship. That is, to establish for each project an answer to the question, But for the staff, would this project have been undertaken? Even doing so would miss the more subtle aspects of staff impacts on the developmental process, e.g., community attitude changes.

The point is, there were no control districts and no possibility of establishing "control conditions" within each district. The practical implications of this are (1) effects of planning grants cannot be completely isolated from other factors operating within the recipient districts and (2) caution must be exercised in extending the results of this study to areas not studied. This does not mean, however, that a cross-sectional evaluation strategy would be fruitless. Indeed, the final report is based on a cross-sectional, case-type analysis of the district program based on the field interviews in the twenty-six visited districts.

State-of-the-Art

There are three distinct sciences (or arts, as the case may be) that must be drawn upon in a study of planning grants programs as conceived by the Economic Development Administration. First, there is economics which deals with the economic growth effects in which EDA is interested. Second, there is political analysis or community analysis. Third is social dynamics which seeks to deal with the outcomes of individual actions through examining inputs, throughputs, outputs, and outcomes.

Economic Science

It is entirely fair to characterize that branch of economics called economic development or development economics as being in the hypothesis stage. When development economics is applied to small subnational units, it is literally in the prehypothesis stage. This is true in several senses.

First, aggregate data for small subnational units are rare and quite imperfect. But more important, analytical techniques for evaluating the available data are inadequate. Economic effects generated within a particular subnational unit tend to be overwhelmed by national and regional economic influences. That is, economic analysis for aggregations like those at issue are predicated upon the ability to separate out exogenous and endogenous variables, using the former to predict the latter. In the case of the planning grants districts, the external exogenous events overwhelm and confound the internal exogenous events.

This problem can be illustrated by comparing total EDA activity with other indicators of potential economic development. In fiscal 1971 EDA contemplates gross lending authority in business loans of some \$50-60 million which represents less than 1 percent of probable private business expenditures for new plant and equipment during the same period. EDA obligations for development facilities are likely to be less than \$150 million, compared to total Federal public works outlays of over \$11 billion in the Administration's fiscal 1971 budget submission. This EDA financed capital outlay can be compared to a probable total state and local capital outlay approximating \$40 billion during the same period. From the perspective of any single community, sharp changes in economic situations may occur through federal capital outlay (e.g., opening a new facility of the Defense Department), or through federal public works channeled through the states (e.g., highway construction), or through private outlays (e.g., a new large industry) or state outlays (e.g., a new prison or university) that can swamp EDA effects in terms of impact on aggregate statistical indicators.

Second, and on a more microscopic level, there is a severe cause and effect problem. No one has been able to answer the question of what comes first: industrial development or social overhead capital development. While they usually occur in concert, causation is an open question.

In the case of the planning grants program, one might argue that since these districts are among the least desirable from an industrial location perspective, the public works program, especially where it is used to build industrial parks, is a causative factor in industrial location. This may, or may not, be true as plant location decisions respond to a wide complex of factors including distance from raw materials and markets, transportation networks, and availability of skilled labor, among other factors.

It is also true that self sustaining growth in social overhead capital is unlikely to occur until the industrial base and income and employment in the community are sufficiently large to finance local social overhead capital. Currently there is no accepted economic growth strategy for subnational economic units. There is simply a collection of ad hoc approaches. Thus, the problem of evaluating subnational economic growth per se is unsolved except to observe that it does or does not take place, when the real question is why does it take place.

Political Science

Political scientists, sociologists, and others have long sought to answer the questions of who makes community decisions and why. They have tried to analyze community relations, power structures, formal and informal lines of influence, and the like. Unfortunately there is no accurate technique for answering these process oriented questions. In general, studies of community processes have tended to be time extensive, allowing the investigator to observe the community in action while at the same time trying to trace the course of selected past events. These studies depend more on the sophistication and alertness of the investigator than on theory or methodology or experimental design.

Social Dynamics

Any attempt to "evaluate" the planning grants program will encounter the problem of trying to determine what district staffs do--defining staff inputs of time in various activities, analyzing the way in which inputs are transformed into outputs, and then determining what effect these staff outputs have on the real outcomes of interest: economic growth and process development. A study currently being conducted at Battelle Memorial Institute for the Department of Health, Education and Welfare has been attempting to determine the impact of process oriented personnel. This study has shown that while it is possible to classify staff activities--attending meetings, writing letters, etc.--it is difficult to determine the output of these activities and virtually impossible to determine their effect on final outcomes. Working backward from outcomes of interest to staff inputs obviously encounters the same difficulty. It is the old attribution problem in a different context, but just as unamenable to definitive analysis.

Lack of Objectives and Standards

Another constraint that must be made explicit is the lack of objectives or standards in terms of quantified goals against which to measure or evaluate progress. This deficiency extends from the absence of a national growth policy for underdeveloped (or developed) areas to the lack of objectives or standards within districts. There are three distinct problems in this type of study: (1) what to measure, (2) how to measure it, and (3) to what is the measure obtained compared. If any of the three questions go unanswered, an evaluatory study is incomplete.

Reasonable men can agree, in general terms, on what to measure. They can also agree on the difficulty of measuring the "what". Where they apparently cannot and have not agreed is on the standard. What constitutes success and failure? Perhaps this deficiency is less important where each district is evaluated as a distinct and single case; but when this is not the case, then attention needs to be given to generalizable assessments of the value or success of the program. These assessments will not be insensitive to the attitudes and expressed value judgments of policy makers and administrators, but neither will they reflect general, established agency standards.

Along this same line, it is difficult to evaluate a dynamic program in a vacuum. Without specification of where the program as a whole is going, it is impossible to specify with certainty whether districts are moving in the right direction or at the right speed.

Nonhomogeneous Situations

The districts visited share a number of features, the most apparent of which are low per capita income, high unemployment rates, and relatively small industrial bases. However, there are as many differences as similarities, if not more. These differences can be divided into two classes: initial or base situations, and life stage of the district.

Initial Situations

The situation at the inception of the planning grant program tends to vary from district to district. In the broadest context differences in age of the community, topography, geographical location, weather, culture, social conditions, economic base, political structure, community leadership potential, community attitudes, and the like are to be expected and, in fact, were apparent. The wide variation in detail of each of these dimensions makes each evaluation depend on a relative scale used for the individual district alone. However, this report does reveal generalizable assessments based on cross-sectional comparison.

Life-Stage of District

The length of time the district has been in existence as an operating entity makes a substantial difference in the criteria that can validly

be applied in an evaluation. New districts are not likely to have obtained any new projects through the efforts of the planning grants staff. This is obvious due to the lead time involved in designing a project and getting the application approved and funded. Less obvious is that the new district staff must expend efforts establishing their own creditability, organizing their operation, and so forth.

BATTELLE APPROACH

Battelle, while recognizing the soundness of the experimental approach, rejected it as inappropriate to the planning grants study for several reasons, including the problem of developing clearcut and widely applicable criteria, the lack of control conditions, and the differing "treatments" the districts were receiving. In the final analysis the experimental method is dependent upon the existence of cause and effect relationships and control conditions against which to measure the differential reaction of the "treated" group.

Battelle utilized the case study approach, "evaluating" each district in terms of its own situation. That is, a relative standard was used in evaluating the districts. Each individual case study will stand, although weakly, as an evaluatory "instrument"; much stronger evaluation is made available, however, by comparing across districts. This is the most common method of making an evaluation when observations on each individual unit under analysis are not observed through a discrete number of periods. Essentially this is a "cross-sectional" analysis as opposed to a "time-series" analysis and, therefore, individual observations without comparisons tend to be rather meaningless in evaluating the overall planning grants program. Since the study was concerned with evaluating the planning grants program, not 26 individual districts, this approach is appropriate.

In conducting the study, Battelle eschewed the use of a standard, formal questionnaire, feeling that a less structured approach would yield more useful information. Preparatory to conducting the field work, each member of the interview team was "indoctrinated" with a common research approach and a common orientation, including a week of intensive examination of the nature of the study, the problems, and the questions to ask in general terms. Building from this common core, then, each field study could be made sensitive to the local situations. This approach not only permitted unexpected information to be explored, but had the added advantage of providing an unstructured interview technique that led to more informal discussions. This technique draws upon the fact that when copious notes are taken or the interviewee thinks he is being quoted he tends to be more "cautious" or circumspect in his comments. This is nondirective interview approach also provided an opportunity for the interviewee to evaluate his district's performance with reference to his own evaluatory framework, which the Battelle interviewers noted for its additional information.

Initially the strategy was to interview as wide and diverse a group of residents in the district as possible. This broad coverage turned out to be unproductive because the general level of knowledge about EDD activities, even by those who were board members, was low. The strategy then became one

of trying to identify those actors who had played a key role in EDD activities or who were represented to have, or appeared to have, valuable information about the district. These individuals and the district staff were then interviewed at length to determine if their statements and past actions were consistent with the expressed goals and to form some impression of what the staff did.

INTERVIEWEE RESPONSE

An interesting feature of the planning grants evaluation was the reaction of various interviewees to being visited by the Battelle interviewers. These reactions, while not central to the findings of the report, illustrate both a problem in conducting the study and present what may be an interesting question of information reliability from the Washington viewpoint.

In general, the Battelle interviewers were received courteously by the district staffs, who by and large were very helpful. However, in a number of districts there was a refusal to answer some questions. Where refusals to respond were encountered it was usually on the grounds that (1) it was not any of EDA's business or (2) the district staff did not know the answer. These responses were particularly apparent in questions concerned with budgets, sources of funds, and projects or industry (jobs) obtained. While all of these questions are concerned with numbers, the latter are the most interesting since one would anticipate executive directors would use their project and industrial successes as propaganda. The reason often given why this was not so is that for the maintenance of good relationships with the cooperating units of government, the district wanted no public credit for particular projects. Further, it was hard to get district executive directors to claim predominant credit for any new public works projects or industrial firms. It should be noted that some directors did collect statistics on their districts in which they implied they were involved in virtually everything that happened. In the main, however, district directors were careful to point out that they really could not establish how much credit they were due for particular projects.

In setting-up interviews for the Battelle interviewers the district staffs unfortunately would imply that Battelle was evaluating the districts or was representing EDA Washington. This, of course, made the respondents somewhat careful in their comments to the interviewers, making the interviewing somewhat more lengthy and more difficult. In the many cases where the Battelle interviewer simply arranged his own interviews, an insider-versus-outsider syndrome was evident. Differences that may have been relatively bitter within the districts tended to be glossed over somewhat.

Typically, an interview with a community member would begin by the respondent insisting on an explanation of who the interviewer represented. A typical opening remark in many interviews was: Do you work for the federal government? This was then followed by questions to explore Battelle's relationship with the federal government. Only when the individual was assured of independence on Battelle's part could the interview proceed productively.

While it was apparent that the federal government was not popular in many rural (and especially southern) districts, it is instructive to note

that the EDA program was commended, at least by local leaders, as the "best" federal program. Pursuing this point revealed the reason for the attitude was EDA's low profile in the District and the absence of a string of regulations from Washington. By way of contrast, OEO and its programs usually were cited by those individuals as the least liked of federal programs. These feelings extended to the staffs of the district agencies, with the EDA district staffs commanding respect and the OEO staffs being held in lesser regard. In particular, this attitude was held by locally elected officials, the vast majority of whom were white and not a member of any minority (except number) in the district. On the other hand, among the poor, who tend to be a minority group members, there was often favorable recognition of OEO social action programs coupled with ignorance of the presence of an Economic Development District.

CHAPTER 2. THE ECONOMIC AND POLITICAL REALITIES OF THE DISTRICT PROGRAM

INTRODUCTION

This chapter suggests a set of hypotheses about how EDA's district program is expected to operate from the federal viewpoint, develops a set of hypotheses about how the district program is likely to be perceived from the local level, and compares the two. This chapter suggests that there are strong a priori reasons to expect that what the Economic Development Districts are accomplishing with EDA planning grant funds will be quite different from the conventional wisdom about what those grants are expected to accomplish and assumed to be accomplishing. It is suggested below that these differences might logically stem from differing local and national perceptions of what is needed in the districts, and it is noted that many of the local decisions are likely to have more desirable social impacts than might be assumed.

This chapter is analytical. Information gathered during the course of the study about what districts actually do and how they do it will be covered in subsequent chapters.

THE CONVENTIONAL WISDOM

For purposes of comparison, this section considers the premises that appear to underly the Public Works and Economics Development Act and to be held by many (but by no means all) of those involved in the administration of EDA programs. Because this section merely lays the ground work for the analysis that follows, it has not been turned into an elaborate analysis of the many problems faced by EDA and thus many readers will find it incomplete.

The Conventional Wisdom of EDA Programs

The activities of EDA stem from a recognition that certain areas of the United States have lagged substantially behind the nation as a whole in economic development. Such areas may be characterized by a number of indicators, particularly low incomes and high unemployment. The Public Works and Economic Development Act is based on the notion that natural economic forces are insufficient to correct these situations within a reasonable time. In effect, that legislation rejects labor mobility as a realistic short terms solution to these problems and substitutes instead a strategy of moving capital to areas where surplus labor exists.

The basic tools for this movement of capital consist of loans to businesses that locate or expand in designated areas and of grants and loans for public facilities in these areas. These tools are supplemented by technical assistance (to help areas determine appropriate growth strategies and industries) and planning grants (to enable Economic Development Districts to acquire staff for economic development planning and the processing of project requests). Congressional expectations for the program, and EDA's own evaluation procedures, emphasize the impact of projects on the creation of new jobs and preserving existing job opportunities in the target areas.

Almost everyone familiar with EDA activities (including EDA staff) recognize the difficulties inherent in seeking to make major development achievements through the existing EDA tool kit. For a variety of reasons, the United States does not utilize a number of economic development tools that might be more effective than business loans or public facility grants in maximizing economic growth in designated areas. These unused tools include interest rate subsidies for large firms, rapid amortization of facilities in depressed areas, industrial zoning on a national level, and incentives to direct government procurement to target areas. In addition, current legislation and policy tend to preclude the use of relocation of either industry or workers as a tool for improving per capita incomes or reducing unemployment rates in particular areas.

A difficulty with the application of the conventional wisdom underlying EDA programs is that the level of EDA funding has never been sufficient to permit the program to have the impact that the conventional wisdom suggests it is supposed to have. Understandable political pressures to increase the number of eligible areas and to prevent "dedesignation" of areas previously designated have encouraged EDA to diffuse its limited resources throughout the United States. By any measure of what it might take to close a job or income gap in all of these areas, EDA's program levels are inadequate to reach major development goals, even assuming the correctness of the conventional wisdom about the potential impact of EDA programs.

The lack of certain developmental tools and less funding than that suggested by conventional wisdom are situations that are uniformly recognized at the federal level, yet the impact of such situations upon the activities of development districts probably has not been fully appreciated.

The Conventional Wisdom of Development Districts

Both the Area Redevelopment legislation and the Public Works and Economic Development Act reflect concepts of local organization and planning for economic development that constitute the conventional wisdom of small areas economic development (and of federal grant and loan programs). The Public Works and Economic Development legislation under which EDA now operates

differs from the earlier legislation in this regard primarily in the size of the unit to do the planning and the intended concentration of assistance within each unit. The key elements of the current wisdom include the following three concepts:

A Philosophy About Size of Development Units. Current legislation is quite specific on the minimum size and on a few selected characteristics of economic development districts. These districts must include two or more designated counties and a potential center for economic growth that cannot exceed a specific population. These counties are expected to share certain economic characteristics, which, however, are not fully specified.

A Theory of The Development Process. With some exaggeration, the theory of the development process implicit in the development district organization is that development efforts will proceed through roughly the following stages:

- (1) Recognition of the Problem: At the national level this corresponds to the designation of Redevelopment Areas,
- (2) Recognition of Common Problems: At the local level this consists of initiating steps to establish an Economic Development District--the banding together of communities confronted with common economic development problems,
- (3) Understanding the Dimensions of the Problem: At the local level this step corresponds to the development of an initial Overall Economic Development Plan (OEDP), a document later to be updated and refined as understanding increases through the years,
- (4) Consideration of Alternative Strategies,
- (5) Identification of Priorities and Projects,
- (6) Implementation.

Corollaries of the Development Theory. From the theory of the development process indicated above there are a number of corollaries that seem to have had a considerable impact upon EDA's approach in dealing with the planning grants and upon certain parts of the recent Robert Nathan study of planning grants. A partial listing of these corollaries or working hypotheses is provided below:

- (1) It is important that development districts be of a size sufficiently large to permit them to develop more or less as a unit.

- (a) Exclusion of an economically natural growth center--for example, because it contains more than 250,000 persons--could frustrate the development process,
 - (b) Areas of the United States that contain only one redevelopment area present a natural problem,
 - (c) A key element in the OEDP is the rationale for the selection of particular district boundaries,
 - (d) Nonparticipation of certain counties that are naturally within a district is a problem.
- (2) It is important that the development district represent something of an "economically natural" area.
- (a) The identification of a growth center is important,
 - (b) Districts that reflect political boundaries that are not economic boundaries (e.g., state lines) reflect a failing in the district organizational pattern.
- (3) The OEDP represents an important step and therefore:
- (a) The accuracy of the OEDP is crucial,
 - (b) Widespread citizen and governmental participation in the OEDP preparation is desirable, while ghost-written OEDP's are to be avoided.
- (4) Because the preparation of the OEDP and the selection of strategies will ultimately govern the allocation of scarce community and federal resources, these steps should take place in a forum where the target groups are appropriately represented.
- (5) A project selection process at either the local level or the federal level that fails to be consistent with an OEDP violates the conventional wisdom and is to be frowned upon. Likewise, an OEDP that is so general that it sheds no particular light upon project selection is prima facie inadequate.

THE DEVELOPMENT PROCESS AS SEEN FROM BELOWThe Environment

The implementation of the Public Works and Economic Development Act as seen from the perspective of state and local governments did not have to follow the same "conventional wisdom" as that perceived by federal administrators of the program, or for that matter by members of the Congress that enacted it.

A key element in the different perspective from the local and state level is the existence of a wide variety of economic development efforts that are not related to EDA. An estimate has been made that in 1958 there were some 14,000 organizations working for economic growth in municipalities, states and regions.* By 1966 this number had undoubtedly grown to encompass the developmental infrastructure constructed for implementing the Area Redevelopment legislation and the many state and local institutions designed to utilize the proliferating mechanism of the tax exempt industrial bond. These institutions included aggressive state department of development, various ad hoc committees of businessmen, Chambers of Commerce, local development corporations, and similar institutions. Thus the motivating procedures of EDA, involving economic development efforts beginning with problem identification and planning, were from the local perspective being added to pre-existing action programs in many areas.

A second element affecting the local perspective is the fact that the planning functions envisioned for the Economic Development Districts in no way reflected the first attempts at relatively comprehensive planning in many of the affected areas. Many cities and some counties were already undertaking planning centered around land use and zoning. Additional planning (involving common elements of demographic and economic projections) was taking place with widely different geographic bases in such fields as rural areas development, water resources, land transportation, health, comprehensive planning of the type sponsored by the Department of Housing and Urban Development under its 701 program.

A third element affecting the local response was the recognition on the part of local areas of a wide variety of public facility needs. These needs as they were formulated at the local level did not necessarily distinguish between facilities desired for growth purposes and facilities desired simply as a matter of demand for public services. As was to be expected, communities had developed "want lists" of desired public facilities ranging from streets and sewage plants to industrial parks. Local decision makers did

* Donald R. Gilmore, "Developing the Little Economies" (CED Supplementary Paper).

not have to isolate the economic development aspects of these "needs" so long as the funding sources (e.g., accelerated public works, HUD, and local bond issues) did not require a differentiation of the economic development component of these amenities from the service features.

State and local officials looking toward the federal government for assistance in advancing their own industrial development and public service efforts were thus in a position to view the new economic development program as but another potential source of funds and to judge the value of this source of funds largely in terms of what it could provide in relation to the costs of providing it.

The Benefits as Seen from Below

The primary financial benefit offered to local communities and states for participation in the district program is the direct financial incentive inherent in making the growth centers eligible for EDA grants and the supplementary (bonus) provision that increases grants made to redevelopment counties that had made themselves a part of a district organization. Assuming that the particular project for which assistance was being sought would be undertaken in any case (e.g., a water and sewer project) the amount of the EDA grant (in the growth center case) and of the supplement (in the redevelopment county case) reflected the benefit to the community of having a district.

It can also be speculated that some additional benefits from district organization were perceived in certain areas. These may have included:

- (1) The opportunity to obtain planning grants that could be used to hire a staff (patronage)* and to equip that staff to serve the community in various ways (program outputs).
- (2) The opportunity to seize upon the district program to promote the development of districts desired for other reasons (e.g., state planning, other federal programs),
- (3) The opportunity to use the district program to promote inter-county cooperation in a variety of fields, not necessarily related to economic development per se.

The Costs as Seen From Below

One of the major costs associated with organizing a district is the energy and time required on the part of the organizing force that puts the

* To anticipate the field studies, this appeared to be the case in at least two of the 26 districts visited.

district together. These costs include working with each of the decision units (e.g., counties and municipalities), obtaining initial local contributions to the district, establishing the committees, and applying for a planning grant. These costs have fallen upon different groups in different states. In some cases much of the basic organizational work has been undertaken by EDA employees--primarily the economic development representatives. In some cases much of this work has been done by a state agency. In still other cases local leadership has taken much of the initiative.

A second major cost is that of providing the local share of funds for the district's operation. To many smaller and poorer counties and municipalities, these costs appear substantial even though only a few hundred dollars annually may be involved.

The third cost involved is that developing a district and operating it involves the scarce time of local leaders, particularly local political leaders who are already involved in dozens of boards, commissions, committees and panels of various types.

In the many areas where districts have been established, the benefits of having districts have been perceived as outweighing the costs. However, the requirement for local cost sharing has meant that the value of the district is compared to its costs, not just once when the decision to establish the district is made, but annually when the decision to provide the local cost sharing is made.

THE POLITICAL DYNAMICS OF THE DISTRICTS

Assuming, arguendo, that the above analysis approximates the actual considerations underlying the establishment of the districts, a number of hypotheses about the operation of a district follow naturally from them.

Perhaps the most important of these is that the decision to establish a district does not necessarily mean that the local leaders are committed to the concept of the district as an engine of economic development or that the local leaders are especially enamored with the particular geographic configuration required to put together at least two redevelopment areas and a growth center. Nor does a decision to establish a district necessarily imply that the district's political leadership is committed to the concept of a large district staff being necessary to accomplish the purposes of the district. In other words, the district concepts may be accepted as a prerequisite for acquiring certain desirable federal grants. The value of the district for any other purpose is normally not established among local leaders at the time the district is established.

Into this situation are thrust the newly hired Executive Director of a district and his new staff members. Even leaving aside motivations that such individuals may have toward the program (e.g., helping the district's residents), certain decision rules suggest themselves as inherent in the situation for staff members, even if they were concerned only with the function of maintaining their own jobs. From Battelle's point of view, the statements that follow form analytic hypotheses about how the districts might be expected to operate; from the standpoint of leadership in the districts, they constitute statements about how to succeed.

PROPOSITION ONE: The "Creditability" of the Basic Reason for Forming the District Must be Affirmed by Obtaining Grants for Growth Centers and for Redevelopment Counties. The basic benefit conferred by the district on local communities is grant availability.* Initially, the district offers only the expectation of such grants and thus the first key test is whether that expectation can be turned into a reality.

Whether such expectations can be realized will depend primarily upon two key factors: whether a sufficient pot of funds exists at the federal level to permit funding of projects in the districts, and whether a "fundable" project** can be developed. Although the former point is critical to the success of the district program, district officials obviously have no control over it. However, within any total fund constraint EDA can assist the districts in establishing creditability by emphasizing dispersal of projects among districts and concentration of projects in areas served by districts.

Involvement of the district staff is not always necessary for the development of a fundable project. The staff of the growth center or redevelopment county (or municipality therein) or some other party (e.g., an engineering firm expecting a "piece of the action") frequently may have developed a project suitable for EDA funding. In cases where such preliminary work is not undertaken it or to do it themselves.

It is important to note that "creditability" in the above sense bears no necessary relationship to economic development or to district economic planning as typified by the OEDP.

* Although the creditability of the district can be established by obtaining new industry, the new industry argument fits into this discussion with an appropriate change of wording. However, the district organization is not required in order to "quality" for new industry.

** As commonly used, the term "fundable project" refers to a project that has complied or can comply with all relevant paperwork requirements (e.g., assurances, consistency with some overall local plan availability of land, etc.) and all real requirements for consistency with legislation and directives, availability of local funds, etc.

PROPOSITION TWO: The District Staff Must Demonstrate Its Usefulness to Those Providing Local Funds for District Operations. As a hedge against the termination of EDA programs and as its primary thrust in the counties that are not eligible for EDA programs,* the district staff must attempt to show returns in the form of federal funds on the local investment in maintaining the district staff.

The other federal programs, of course, do not provide any bonus for merely having a district as is the case in EDA programs. As a result, to achieve this objective the district staff must actually do something to bring federal projects into the district. This can range from disseminating information about other federal programs to seeking out potential projects and preparing the applications.

Of course, an even more convenient way to demonstrate the value of the district in non-EDA programs is to establish a situation where the existence of the district becomes as important for the other programs as it is for the EDA programs. This can arise in situations where the availability of federal grants depends upon the establishment of a regional review agency. Under Bureau of the Budget (BOB) Circular A-95, certain HUD grants require regional planning activities; examples include the law enforcement, comprehensive health planning, and some state and regional commission programs. One would expect existing district organizations to attempt to capture these functions because they could offer to local leaders an indication that the district can obviate the necessity for their creating still other new entities to capture federal or state program dollars.

The usefulness of the district staff to the local governments that support it is, both in theory and practice, not limited to operations designed to increase the flow of federal, regional commission, and state funds for projects that benefit the district. The district staff can also serve local interests by encouraging the movement of private capital to the district through such direct actions as industrial prospecting and indirect assistance to others who provide industrial prospecting. The district staff can also provide technical assistance to local officials in such matters as the management of county or city government and the range of actions needed by government to face up to the relatively new problems of solid waste disposal in rural areas and similar subjects.

The district can also provide a number of nonclassifiable services to the political leadership that provides the local funds required for the continued existence of the district. The theoretical possibilities range from patronage (e.g., the positions on the district staff) to permitting the district to operate in a politically supportive way to existing local political leaders.

* Counties that do not contain growth centers and are not Redevelopment Areas.

PROPOSITION THREE: For the Purposes of Maintaining the District, Widespread Public Support is Relevant Only Insofar as it Affects the Willingness of Local Political Leadership to Put Up Local Sharing. This proposition would suggest that unless the existence of popular support is more likely to be influential on local community political leaders than certain other ways of "crediting the accomplishments" of the district staff, the district may not seek publicity at all. For example, more local political support may be forthcoming if incumbent local majors and county officeholders are given credit for the district's activities than if the district staff attempts to assume that credit.

EXTERNAL FACTORS AFFECTING THE VIABILITY OF DISTRICTS

Although a number of indicators have been suggested as measures of the "success" of a particular district or of the district program as a whole, Battelle, to anticipate later chapters, has found a tendency for EDA personnel in the field and for district leaders and staff members to define success in relatively narrow terms. When the "successful" district as defined by these individuals are discussed, it becomes apparent that the success criterion being implied is one related to the viability of the district. That is, calling a district "successful" is frequently a shorthand way of saying that a district has the support (evidenced by local contributions) of the local leadership and is likely to continue to have that support. Because both EDA and the district leaders have strong reason to look at their viability (ability to stay in business) first and what else they get done second, it is important to look at both the external forces and the internal factors that influence the viability of a district. The remainder of this section considers the external influences on a district's viability.*

Possible Factors Leading to Difficulties of Districts

- (1) The lesser the EDA funds available for projects in a district, the greater the difficulties of the district in establishing creditability. From this and the fact that FDA's difficulties in getting funds to each district increase directly with an increase in the number of eligible areas or a decrease in available funds, it follows that the smaller the EDA budget the greater will be the problems of the districts. Likewise, the greater the number of districts or eligible areas, the

* Readers are reminded that these points are still hypothetical statements of what we would expect to find--what was found will be considered in the following chapters.

more problems existing districts will have for any given level of the EDA budget.

- (2) The greater the percentage of population in a district that is in areas not eligible for EDA funds, the more difficulty the district will have because it will not be in a position to use its most powerful tool in those areas.*
- (3) The larger the number of competitors for the district's role in other federal programs, the greater the difficulties in establishing the value of the district. Thus, one would expect district programs to have more trouble remaining viable in areas (district level or counties within the district) with one or more of the following:
 - (a) Active metropolitan planning commissions,
 - (b) Nonmetropolitan planning activities not under the control of the district,
 - (c) Large municipalities or counties already amply staffed for getting federal grants,
 - (d) Independent district-like organizations for comprehensive health planning, transportation planning and/or law enforcement planning.

The converse of the above factors would tend to make the viability of the district more likely.

CONCLUSION

No matter what the objectives of district staff and EDA may be for using the district program as a strong force in economic development, it is clear that the district program cannot achieve this goal so long as the districts cannot stay in existence. Thus for both program reasons and selfish reasons (e.g., keeping their jobs) we hypothesize that the leadership of a district staff will consider "viability" as their first task. The achievement of viability is not necessarily directly related to economic development except insofar as this is introduced by the types of projects that EDA will fund.

* Again to anticipate the findings, this factor accounts for why many district staff members "cannot understand" why all counties in a district cannot be eligible and why the staff works so hard to maximize the geographical size of the designated growth centers.

This chapter has considered the dynamics of trying to provide a base of support for Economic Development Districts by assuring that local cost sharing for the costs of the district staff will continue to be forthcoming. Because the sources of local support are normally established local politicians who have the power to make appropriations from municipal and county funds, we would hypothesize that the district staff would concentrate its attention on keeping these political authorities satisfied that they are "getting their money's worth" from the district.

Achievement of that objective will likely take the form of successful pursuit of EDA grants and other government agency grants, promoting industrial development, and rendering other services to the established political leadership. So long as the district is concentrating primarily upon its viability, its likely emphasis will probably be related more closely to the desires of the local leadership than to any particular single goal such as economic development.

The success of the districts will be related in significant degree to a number of external factors such as the total amount of EDA funds available and the existence of competing organizations in the area served by the district.

Subsequent chapters of this report will test these hypotheses in light of the data gathered during Battelle's study of the Economic Development Districts.

CHAPTER 3. WHO RUNS THE DISTRICTS: THE FORM AND THE REALITY

The purpose of this chapter is to examine the question of the focus of real control over the affairs of the Economic Development Districts. To achieve this end the chapter first examines the focus of formal (or legal) authority within the district and then considers the functional realities of the district situation actually encountered by the Battelle investigators.

THE FORM OF DISTRICT ORGANIZATION

Operating pursuant to the Public Works and Economic Development Act, EDA has established a number of ground rules for the formal organization of Economic Development Districts. These ground rules are implemented in part by the leadership of EDA staff members in organizing the districts and in part by EDA's ability to refuse to fund districts that do not comply with the organizational requirements.

The Board of Directors

Districts are normally organized as not-for-profit corporations with the formal powers of the corporation being lodged in a Board of Directors. The EDA guidance for the composition of the Board of Directors is indicated by the sample of Articles of Incorporation found in EDA's Handbook for Economic Development Organizations. That Handbook provides the following organizational form:

The governing body of the _____ Economic Development District shall be designated as the Board of Directors, and its membership shall be constituted as follows:

1. Each municipality shall have at least _____ and no more than _____ representatives on said Board of Directors. They shall be appointed by the governing body of the participating member municipality.

2. At least one member, elected or chosen, of those selected under [this article] shall represent respectively government, labor, business, agriculture, the underemployed and unemployed, and minority ethnic groups. No more than one of any of these _____ members shall come from any one municipality.

This basic organizational form has been adopted by the different districts in different ways depending upon the history of the organization of the district and the quirks of individual state incorporation laws. A common pattern is to have most of the members of the Board selected by the groups they represent. Thus, for example, the Southern Colorado Economic Development District provides for membership on the Board as follows:

A. Each county and each municipality of over 3,000 population shall have one representative to be appointed by the governing body of the political jurisdiction.

B. Each multi-county agency dealing with problems of industrial development or promotion shall have one representative to be appointed by the governing body of the agency.

C. Labor shall have four representatives to be appointed by the governing bodies of the labor councils in Southern Colorado.

D. Each utility company concerned with industrial development shall have one representative to be appointed by the governing body of the company.

E. Spanish-surname groups shall have five representatives: one for Pueblo County, one for...etc.

F. Rural electrification agencies shall have one representative to be appointed by a joint committee of rural electrification agencies in the District.

G. The banking community of the District shall have two representatives.

H. Each Community Action Agency under the auspices of the Economic Opportunity Act of 1964 shall have one representative to be appointed by the respective Boards of Directors.

I. Other local and multi-county institutions and individuals may be admitted to membership upon the approval of the Board of Directors or the Executive Committee.*

* Southern Colorado Economic Development District, "An Overall Economic Development Program for Southern Colorado", Pueblo, Colorado, p. 216 (1968).

Unlike the Southern Colorado Board, many of the Boards include a number of persons who serve in an ex officio capacity, that is, their incumbency in one position serves to make them a member of the Board without further action by anyone. One strong example of this approach is that provided by the Ohio Valley Regional Development Commission. Its bylaws provide for one representative of the county commissioners (a group of three in each county), for each mayor or his designated representative from cities over a certain size and all county seats below the size, the chairman of each county or county-regional planning commission and a variety of other similar memberships. The private members in the district are chosen by the local government and local quasi-government (e.g., regional planning commission) representatives.*

The Southeast Arkansas Economic Development District is a membership corporation with the membership, in substance, consisting of those making a financial contribution to the maintenance of the district--that is, participating local governments. Those members select the Board of Directors, consistent with EDA guidelines on the representation of various groups.

In all of the cases examined by Battelle, these basic forms of legal organization were followed. The main characteristic of these organizations was the representation, direct or indirect, of the established leadership of the community, particularly the incumbent officials of county and municipal governments in the districts. Other representatives were likely to be co-opted by appointment by the governmental members or, occasionally, selected by organizations such as labor unions, community action agencies, and private utilities. In all cases, the formal focus of control is clearly in the hands of the established leadership of the communities and provision is not made for avoiding established political channels either by direct election of directors or by incorporation provisions (like those of the community action agencies) that seek to avoid the local power structures.

The Boards of Directors in the districts studied were uniformly large, frequently over 25 members and sometimes over 50 members. The Boards normally were required in the bylaws of the organization to meet on an infrequent basis, usually quarterly. Because of the unwieldy size of the Boards of Directors and their infrequent meetings, provisions have been made for an executive committee to supervise the day-to-day affairs of the districts.

The Executive Committee

The EDA Handbook suggests the establishment of an Executive Committee to be composed of the President, the Vice President, the Secretary, and the Treasurer of the Board of Directors. The Handbook suggests that these individuals be elected by the Board for 1-year terms.

* Ohio Valley Regional Development Commission, "First Stage Overall Economic Development Program", p. E-5 (1969).

The composition of the Executive Committee is, given the composition of the Boards, likely to be representative of the groups in political power positions in the counties making up a district. This phenomenon is usually further ensured by restrictions placed upon the composition of the Executive Committee. For example, the Central Arkansas Economic Development District establishes county committees to be chaired by the county judge.* The county judge selects the remaining members of the county committee subject to the constraint that the members be representative of various groups ranging from business to minorities. These county committees elect one of their members (not an elected public official) to the Board, the municipalities elect another member of the Board from each county, the county judge serves on the Board, and the minority groups elect one member. This Board in turn selects the Executive Committee, subject to the constraints that the Executive Committee include at least one county judge, one mayor and one representative of minorities.

Bylaws usually prescribe relatively frequent meetings (e.g., monthly) for the Executive Committee and give them power over the day-to-day administration of the district.

The Staff

In the legal form of the Economic Development Districts, the staff members are simply the operating arm of the Board operating through the mechanism of its Executive Committee.

The Committees

With the active encouragement of EDA, the districts have established a large number of committees to serve various purposes. In addition to the Board and the Executive Committee these committees include district-wide functional committees, working in such areas as health and transportation, and committees for economic development planning in each of the counties constituting the district. These committees are frequently appointed by the local political leadership, but are in form representative of many differing interests within the district.

* In Arkansas the county judge is an elected official who is the head of county government.

THE SUBSTANCE OF DISTRICT ORGANIZATION

The working reality of economic development district activities does not correspond to the formal organizational pattern outlined above. The actual working form is described below--but evaluation of whether the system as it actually works is "bad" or "good" is reserved for a later portion of this report.

The Board of Directors

In most districts, the Board of Directors is not, as a separate body, a major factor in the affairs of the district. Once the location of the district office and the executive director have been chosen--two political decisions attracting wide interest in the district--the districts have tended to settle down into an operating pattern that does not require or generate substantial participation by the full Board of Directors. In most districts, regular board meetings are held as required by articles of incorporation and bylaws, but these meetings are not normally the forum for major district decisions.

This finding should not be surprising as it is typical of the plenary body of most organized groups in the United States. With the exception of occasional highly divisive issues, the full board meetings of such organizations as church bodies, associations of government officials, fraternal groups, and other voluntary associations tend largely to be meetings to ratify recommendations of executive committees and staff members.*

A number of executive directors of the district organizations have recognized that the Board meetings are not really the place where major decisions about district activities will take place. As a result some of them have sought to use the Board meetings for other purposes. For example, one function of the district meeting is to inform the community leaders who serve on the Boards of the functions of the district and to provide staff offers of support to the Board members in dealing with their problems. Another important function is the education and forum function--thus, one executive director has adopted the practice of having an outside "big name" speaker appear at his Board meeting so that the meeting takes on the aura of a lecture and question and answer period.

* The literature in social psychology and political science has long noted this phenomenon. The tendency toward oligarchy in voluntary organizations is not necessarily "undemocratic" as the minority membership that disagrees with the organization's position need not maintain membership in the organization. Thus, county officials always retain the option to drop out of a development district if they cannot steer its decision in their direction.

In most cases the members of the Board who are not members of the Executive Committee have very little contact with the district and its affairs other than their contact through the periodic board meetings. Many of the Board members who do have active contact with district affairs have that contact through their incumbency in some role (e.g., a mayor interested in a project) other than their role as a Board member.

Because the Board members (except the ex officio ones) are generally appointed to the Board as volunteers who understand their obligation to attend the Board meetings, the districts studied have generally managed to develop quorums at their Board meetings without too much difficulty.

The Executive Committee

The importance of the Executive Committee members varies widely among the districts studied. To a large degree the relationships between the Executive Committee and the executive director of the district will be a function of the personalities of the president of the district and the executive director. A strong and active president combined with a relatively weak executive director finds the Executive Committee playing a major role in the affairs of the district. In most cases, however, the executive director has demonstrated sufficient competence so that the Executive Committee serves primarily a review function--letting the executive director go his own way subject only to a requirement to report his activities to the Board periodically.

One important point (to be discussed in detail later), about the Executive Committees is that they usually do not have to face up to difficult decisions about project priorities and other matters that might give rise to controversy. As a result, the key function of the Executive Committee is more likely to concern management type functions (e.g., setting the salary of the staff, reviewing expenses) than questions of economic development strategy or project selection.

The Committees

In general, the many committees established in the Economic Development Districts exist only on paper--they do not meet, they do not study, they do not report, and they do not have an impact on the affairs of the district.*

Battelle researchers discovered a number of reasons why the committee structures do not normally function, not the least of which is that the district staff members frequently have not devoted much effort to getting the committees organized and encouraging them to meet. As seen by many staff members, the

* Readers are cautioned not to jump to the conclusion that this finding is a serious indictment of the districts.

committees will not function effectively unless district staff members are available to attend their meetings and help them in the consideration of their problems. From an executive director's point of view such an effort frequently reflects a diversion of staff effort from more immediate problems such as preparing project applications and providing technical assistance to local government. The lack of intensive work to form functioning committees is fortified in many cases by the fact that the committees exist because the Economic Development Administration is perceived to want them rather than because the district leadership wants them.

Even where the district leadership puts some emphasis on getting the committees to function, they encounter a number of obstacles. First, in most of the areas where EDA has programs, the available local leadership is quite limited and what leadership there is is spread very thinly through participation in various local boards and committees charitable groups, and fraternal and civic organizations. This lack of leadership often means that many of the most active committee members are frequently not private local citizens but rather paid government officials such as county agents (Department of Agriculture). Second, there is a considerable lack of community interest in many of the problems with which the committees deal. This is not hard to explain when it is recalled that participation in such activities as committee work is usually associated with higher educational levels and greater income than is traditionally found in the depressed areas in which the district programs operate. A third barrier to the more active involvement of local citizens in committee work is the inadequate transportation systems that form a part of the economic development obstacles in many districts. In some districts coming to a committee meeting in the evening entails a 2 or 3-hour drive for some of the members who are not paid for their time and trouble.

The willingness to participate in committees organized by the district is also, in some cases, inhibited by the obvious existence of parallel efforts on the same subject under other auspices in the district. This is especially true where, for example, regional planning bodies were in existence before the establishment of the district.

In some cases, the district staff members have placed more emphasis on going out to meet with existing groups concerned with particular problems than on trying to establish new groups that are directly associated with the district. For example, district staff members are frequently participants in local city council and county government meetings and deal (in the more active districts) with such established local groups as service clubs and Chambers of Commerce rather than seeking to build new groups that would, in many cases, have memberships overlapping with the existing groups.

There are some exceptions to the generalization that the committees are usually "paper committees" in the Economic Development Districts. One major exception occurs in the case of the "must" committees. Just as the

Board of Directors and the Executive Committee are "must" groups for a district to stay funded, so certain other committees are "musts" when the district is also receiving funds from the federal government for comprehensive health planning. When the Economic Development District is coterminous with, and its staff partly funded for, comprehensive health planning districts, the health committees are normally quite active.

A second exception occurs in those cases where the district staff places a significant emphasis on local involvement through committees and adequate local leadership is available to make the committee system work. However, even in these cases, the district staff participation in the committees is considerable, and the committee must be shown something it has to accomplish and a rationale for doing it. A "showcase" example of such a county committee was visited in Ascension Parish,* Louisiana. The following extract from the Parish OEDP indicates the relative roles of the staff and the committees:

The Ascension Parish Council on Economic Development was created by the Ascension Parish Police Jury on December 12, 1968. The members of the jury recommended the names of citizens from all areas of the parish to serve on the council. The Police Jury president sent a letter of invitation to all of these citizens to the organizational meeting which was held in....

The first action taken by the council was to elect officers and the following were elected....

The council was briefed on its duties and responsibilities by Mr. Eugene Wallace of the Capital Economic Development District. It soon became obvious that the first major task to be undertaken by the council was the development of the Overall Economic Development Plan for Ascension Parish.

Following a plan suggested by Mr. Wallace, the council president appointed committee chairmen to gather the information needed in each segment of this plan. The following chairmen were appointed....

Monthly meetings of the council were held to hear progress reports of the committee chairmen and to determine what assistance could be given to the chairmen by other members of the council in completing their tasks. After extensive research on the part of each committee chairman, the information required for the O.E.D.P. was compiled in

* A Louisiana parish is equivalent to a county elsewhere and a police jury equivalent to a county council or county commissioners elsewhere.

September of 1969. This material was brought to the office of the Capital Economic Development District in Baton Rouge to be properly organized and edited. In November of 1969 a rough copy of the O.E.D.P. was received by the council and approved.

The active citizen participation in this planning effort may in part be due to a circumstance that Ascension Parish will not share with many of the counties that are part of Economic Development Districts elsewhere. Some of the leadership of the parish is actually metropolitan--representing persons working in Baton Rouge, but living in the parish. Another key point is the role of government employees--two key leaders in the parish planning efforts were government employees--one county agent and one employee of the cooperative extension service. In fact, Battelle finds that the more metropolitan or economically advanced the district, the more likely it is to have an active committee program.

The Staff

As a practical matter in the Economic Development Districts studied the staff runs the affairs of the district, and the executive director runs the staff.

The evidence for this conclusion is substantial:

- (1) The districts have chosen widely different emphases among industrial prospecting, seeking EDA grants, seeking other functions. In almost all cases, the emphasis of the district activities has reflected the priorities and interests of the executive director (who, however, was selected by local board members initially and who is likely to remain sensitive to local desires).
- (2) There is a strong tendency among all concerned (including EDA staff) to "personify" the districts, so that many individuals don't call a district the XYZ District but refer to it as Sam Smith's district. This doesn't seem to strike anyone as unusual because of its parallel to Joe's company or Sam's store; but the same individuals would never (or at least rarely) refer to such entities as "President Nixon's United States", or Walter Washington's city.
- (3) Some of the individuals interviewed who were not closely associated with the districts knew little or nothing about what such and such an Economic Development District did, but could discuss in more detail what the executive director did when he was mentioned by name.

- (4) Many of the presidents of District Boards and most of the Board members interviewed in the course of the study indicated a relatively passive role in either providing support to the executive director or ratifying his decisions and recommendations.
- (5) Examples of disagreements between the executive director and Board members are rare and those that resulted in a victory for the Board member are rarer.

This does not mean that the staff members have complete freedom in managing the affairs of the district. In some extreme cases (the best example occurring in one of the districts in the Southwest that was not formally a part of the Battelle study) executive directors have been removed from their position through action of their Boards. However, even in such cases the situation seems to be one of a Board expecting an executive director to run the district efficiently and, when failure to do this was perceived, seeking an executive director who would run it efficiently. Such a situation differs significantly from a situation where the Board tries to run an activity and objects to a director who tries to run it differently.

A second key factor is that the executive director would be sharply circumscribed by his position even if he had no Board of Directors at all, simply because he must "return to the well" year after year to obtain the local contributions necessary to match the EDA funds that are used to pay his salary and that of his staff. Thus the executive director will tend to be responsive to established political leadership even if the communications mechanism is neither the Board nor the Executive Committee.

A Comment on Citizen Participation

The preceding description of who runs the Economic Development Districts (and similar comments that would be made for the single county redevelopment areas and Indian reservations) suggests strongly that the power in the districts can be discussed exhaustively without mention of minority groups or general citizen feelings or participation. Indeed, our evaluation suggests that if citizen participation is to be the test of whether the district program has been successful, the program is a clear failure. However, it is not at all clear that citizen participation is, in fact, a necessary ingredient of success in the district program. This issue will be taken up in detail in a later chapter of this report.

In general, citizen participation and local awareness, interest, and involvement in district affairs is relatively minor. In virtually all cases the "man-in-the-street" was found to be unaware of the existence of the Economic Development District. In the cities where district offices are located questions as to where to find the Economic Development District office (by name of the district) elicited responses such as: "Is that a teenage dance place?" or "Is that run by OEO?" or more often "I don't know".

While nonwhites are represented on most Boards, they have limited influence on district affairs. The reason is essentially two-fold. The nonwhites typically have no significant political representation nor are they financially powerful in the districts. Second, as mentioned previously, the district staffs "run" the districts and the Board serves only a review and policy function. In addition, although it was not possible for Battelle to determine with certainty, in many districts it appeared that the nonwhite Board members were individuals who had reached a "rapport" with the white community, quite often because of business contacts.

CONCLUSIONS

The formal organization of Economic Development Districts--the Board of Directors, the Executive Committee, the officers, and the various special committees--reflect the form, but not the substance, of decision making in an Economic Development District. As a practical matter the committees (except the Executive Committee) play only a minor role in district affairs, while the real locus of leadership is in the executive director--the top full time employee of the district organization. Comment on the desirability of this phenomenon is reserved for a later portion of this report.

CHAPTER 4. THE STAFFS OF THE DISTRICTS

The EDA planning grants pay a major part of the costs of maintaining a professional staff in the Economic Development Districts. These costs consist primarily of salaries, but also include office rentals, machines and telephones, travel, and similar expenditures. In the Redevelopment Areas the planning grants are usually smaller but finance the same types of costs. Thus, EDA is not buying economic development directly through the planning grants, but is pursuing an indirect process the key link of which is the staff paid by the planning grants. Given this situation, it becomes relevant to examine what manner of men EDA is supporting through the planning grant program.

Appraisal of individuals is inherently a tricky and subjective business. First, such an appraisal cannot be made in a vacuum--it depends upon the observer's appraisal of the congruity between the individual and his role. Thus, a good lawyer might not be a good development district director, and a good development district director might or might not be a good salesman of soft goods. The appraisal of the staff of the districts is further complicated by the fact that the staff members have tended to orient the activities of their districts toward their own interests and strengths. The directors who appear best qualified to be "grantsmen" (aggressive and successful seekers after funds from the federal and state governments) are likely to be found emphasizing this aspect of the district's function. By contrast, those directors less at home in the labyrinthine channels of federal grant programs are more likely to be found doing something else--for example, direct industrial prospecting or economic planning.

Equally as important as the orientation of the executive director and his staff, is the role played by situational factors. In part the actions of the executive director are determined by his assessment of what can be done in the district. For example, the Battelle researchers found a tendency for more industrial prospecting activities on the part of staffs in the single county redevelopment areas, whereas staffs in multicounty economic development districts tended to de-emphasize industrial prospecting because, they claimed, strong resentments would develop due to differential location of plants among counties.

This means that direct observation of some aspects of staff effectiveness is impossible. For example, we could not observe the effectiveness of the staff in industrial prospecting in those cases where they avoided industrial prospecting work as a matter of policy.

In an attempt to surmount this difficulty, Battelle treats district organization effectiveness in particular functional areas such as industrial prospecting and grantsmanship in separate chapters of this report. In the

present chapter, we report only observations on the general competence and diligence of the staff members funded by the EDA planning grants. The criteria used for such an evaluation will be apparent in the paragraphs which follow.

The third obstacle to reporting on the "quality" of the staffs paid for by the planning grants stems from the obvious fact that "beauty lies in the eye of the beholder". Thus, the reader deserves some characterization of the beholders, before being apprised of their concepts of beauty. The observations below were based upon field work conducted by six separate members of the Battelle staff. All those staff members are relatively young (25-40); trained in economics, operations research, and frequently one or more additional fields; highly educated (two of the staff members have Ph.D.'s and three others are working on their doctoral dissertations) and would, by most standards of business and government, be considered quite competent.

THE EXECUTIVE DIRECTORS

On the whole, the Battelle team members were quite impressed by the caliber of executive directors that have been attracted to the Economic Development Districts. In the 26 districts visited there were only two in which it could be said with some certainty that the executive directors were probably not sufficiently qualified to perform their jobs.* Even in these cases, the staff seemed competent to perform at least some of the district functions.

The backgrounds of the executive directors vary markedly. However, only a few are new both to the business of economic development and to their localities. In some cases the executive directors have been recruited from the staffs of state government or the federal government (EDA). In other cases they have been local leaders, particularly persons formerly active in local government affairs or state politics. In all the cases observed where executive directors came from political positions, we found them quite careful to avoid inserting partisan (or factional) politics into the affairs of the district.

The executive directors vary widely in age. For some, the district job will undoubtedly be the last job before retirement while for others the district job represents a kind of career midstream that will probably be

* Because we believe that no useful purpose and several disfunctional purposes would be served by identifying these districts, they are not detectable by name in our field reports and not cited by name here.

followed by other employment. We found no noticeable relationship between the age of directors and their energy or success, no matter what index might be used to measure either.

The educational background of the directors differs markedly. In several cases the directors have had little or no college training. In such situations, the district's reliance upon consultants or a staff planner is usually greater than in the average district, but the overall effectiveness of the district is by no means lower than in other districts.

In general, the executive directors are not well trained in either planning or economics considered as formal disciplines. One does not hear in the districts the many jargon-type expressions (e.g., social overhead capital, community infrastructure) that are customary in the discussions of economic development in Washington offices of government agencies or in the academic world. The economic conceptions that underly the actions of the executive directors seem to be relatively straightforward ones of providing jobs and income for the persons they serve. Given our perceptions of what a district should be doing (see subsequent chapters), no significant problems result from this lack of economic background,* with one possible exception. That exception is that many of the district directors appear relatively insensitive to the potential implications of the national economic climate for the activities in their districts. In many areas, particularly the South, districts have been benefiting substantially by the recent boom in business plant investment which has been occurring on a nationwide basis for the entire history of the district program. Implicitly some of the district directors seem to assume that this situation will persist, and thus will probably find themselves surprised by a situation in which new plant investment on a nationwide basis is sharply curtailed--if and when such a situation does arise.

With partial exceptions in about one fifth of the districts studied, the executive directors are clearly action oriented. There is practically no research orientation, per se, and a considerable impatience with paper work in general and the preparation of plans in particular. Many of the executive directors measure their own success by actual physical accomplishments which they can see and with which they can identify themselves (e.g., a new sewer system or an industrial park).

* As noted elsewhere in this report the branches of science affiliated with economic growth and development in subnational economies are relatively undeveloped themselves. Therefore, such academic knowledge may be of only minor importance to management of a district.

With a few exceptions the executive directors work very hard. Most of them are paid better than the local officials to whom they feel accountable and seem to feel some pressure (whether internal or external we did not seek to determine) to be present on the job for a full working day, in addition to extensive work at night. Because many citizen leaders are available only in the evening (e.g., local government officials holding full time jobs) the normal executive director may spend three or four evenings a week attending meetings of local government bodies and other groups. Many of these meetings involve 1 or 2 hours travel from the director's place of residence.

In short, all members of the Battelle team were highly impressed with the executive directors in terms of their ability to manage the district's affairs, to get along well with the diversity of local and federal officials with whom they must deal, to deal with a bewildering number of complex federal programs, and to understand the problems of their areas. The dedication of these individuals to their jobs and their communities is unquestionable, and the energies they give to their jobs are far in excess of what money alone could buy.

OTHER STAFF MEMBERS

In discussing the staff members of the Economic Development Districts and Redevelopment Areas, it is important to remember that the staff members are usually not confined to those paid by the EDA planning grant. EDA funds usually provide (when combined with local funds used to match the EDA grant) for an executive director, an assistant director, and an office manager and/or secretary. This is only a fraction of the staff in some districts, where as many as 25 persons may be on the district staff.

The remaining staff is funded from a variety of sources. First, some districts collect local and/or state money in excess of that required to match under other federal programs such as nonmetropolitan planning (HUD), comprehensive health planning (HEW), and law enforcement planning (Justice). Third, many of the districts are districts for purposes of administering selected state activities in economic development, for the umbrella functions of BOB Circular A-95, and in Appalachia, and, as part of Regional Commission activities.

This multiplicity of functions obviously has many advantages to the federal government and the local communities served by the district. First, there are some definite economies associated with such functions as space rental and office management when these functions are handled together. Second, much of the information and local contacts required for handling one program are also inputs to another program. Third, coordination of planning and projects is facilitated when they are handled from the same office.

The multiplicity of functions also creates some accounting and accountability problems. The first of these is that there is a natural temptation to use the same local share money to match the grants of two separate federal agencies. This problem is currently under consideration by accounting and auditing authorities of the agencies involved and was not given detailed consideration in the Battelle field interviews. The second situation involves cross-utilization of staff time. There are two basic questions involved from the standpoint of EDA. These questions are:

- (1) Should staff funded through the EDA planning grants be
 - (a) encouraged, (b) neither encouraged nor discouraged, or (c) discouraged from spending time on attempts to bring funds from other federal agencies to the district in the form of other planning grants, as distinct from actual projects?
- (2) Should EDA be concerned if staff members paid out of the EDA planning grants use some of their time for such functions as law enforcement planning, thereby effectively supplementing the grant of the other agency with EDA funds?

From the standpoint of the other federal agencies, the same question appears in reverse form, namely, should funds used to pay staff from other federal grants permit the staff to be used for economic development purposes?

The logic of the position of the agencies has to be that the staff paid by a particular federal agency grant should be used for the purposes of that grant. However, this logic leads to no clear conclusion in the case of the EDA planning grants because of the broad purposes of the grant--purposes that can easily be interpreted to include such activities as comprehensive health planning even in the absence of a program by the Department of Health, Education and Welfare to accomplish health planning. Whatever the position of EDA may be on this subject, the districts have resolved the question in their own separate ways. In some districts the executive director maintains general supervisory responsibility over the staff paid by other grants, but does not normally lend his own efforts or those of his EDA-funded professional staff to assist in the other functions, nor does he borrow the other staff to help out in major ways in his EDA-related activities. In other districts the director seems to consider the staff as a total resource to be applied to the situation of greatest need regardless of what funding source might be paying the staff member's salary.

The relative frequency of this latter situation led Battelle researchers to seek to form some impression of most of the staff members in the district organizations, regardless of whether the funding support came from EDA or from some other source.

In general, we found the professional staff members to be about what one would expect to be attracted, given the nature of the work and the compensation available. The work generally involves working with local officials on grant applications and the preparation of such written documents as health plans and economic development plans. With the exception of the HUD-funded, nonmetropolitan planners who must have standard HUD 701 program credentials (amounting to a master's degree in planning), the professional qualifications of the district staff members vary. The best qualified are generally younger men with at least a bachelor's degree and sometimes more, who are on their way up. However, some very competent assistant directors exist who have considerably less educational background.

Our general impression of the staff members as a whole is that they are competent, but not outstanding. In many cases, however, they have the valuable attribute of being well suited in terms of personality, background, and "human skills" to the districts in which they are located.

The salaries paid (from \$8,000 to \$12,000) to regular staff members are not adequate to draw the cream of the crop of recent graduates from top business, economics, and planning schools. Likewise, the location of most of the headquarters of the Economic Development Districts makes it difficult to locate individuals there from such cosmopolitan places as New York, San Francisco, and the like. Thus, many staff members are local products with some experience in business or government. Few of the staff members combined the skills in interpersonal relations, grantsmanship, and knowledge of the communities to the degree frequently encountered among the executive directors. In general (and there are many exceptions), the staff members do not, as yet, have the kind of easy familiarity with federal grant programs or basic data sources (e.g., Census data, employment security data) that they would find most helpful in performing their various functions. Lacking training in data sources, they frequently find the job of preparing something like a health plan or overall economic development plan to be a time consuming task.

Like their bosses, many of the staff members work quite hard. They will, for example, frequently be found traveling throughout the district attending meetings day and night.

Representation of minorities on the staffs of Economic Development Districts and Redevelopment Areas is limited. This is important because minority representation on the staff would appear to be substantially more influential than such representation on the boards and committees of the district, which have much less influence than the staff on the activities of the district. None of the Southern districts studied had as great a percentage of Negroes on the staff as the percentage in the district; and Spanish surnames appeared to be underrepresented as well in the districts with significant Spanish surname minorities.

In those Southern districts with Negro representation on the staff, the motivating force for their hire was frequently a feeling on the part of the executive director that such representation was "politically" necessary vis-a-vis the funding agencies, as distinct from being "politically" necessary vis-a-vis either local opinion or the leadership of the board. The black staff members in the districts visited vary widely in competence, but in all cases operate as a working part of the district's staff rather than as a kind of separate minority representation with a separate constituency.

CONCLUSION

The major economic function of EDA's planning grants is to fund the salaries and expenses of the district or area staff. Our impression of the personnel employed by planning grant funds is, on the whole, a favorable one. As in any organization, there are cases of both executive directors and other staff members who do not appear capable or inclined to "carry their own weight", but the incidence of such situations does not appear higher than that experienced in either government or private business. The quality of the district staffs, in terms of the districts they serve, reflects favorably on the original screening body, usually those individuals on the first board of directors who "started" the district.

CHAPTER 5. WHAT THE STAFF OF DISTRICTS DO: ECONOMIC PLANNING

INTRODUCTION

While it should be of more than passing interest to note Battelle's basic endorsement in the last chapter of the competence of the Economic Development District staff members, such information does not necessarily indicate that either districts or planning grants are worthwhile. It is entirely consistent with diligent and hard work to suggest that the staff members might be working competently at the wrong thing, or at something unlikely to achieve the basic economic development objectives of EDA. Accordingly, these next chapters examine the many different things that an Economic Development District staff actually does and discusses how the output from these activities might be evaluated.

THE ECONOMIC PLANNING FUNCTION

While the legislative history of the Public Works and Economic Development Act of 1965 contains a great deal of discussion of the concept of the Economic Development Districts, there is little discussion of the payment of administrative costs of those districts or what the districts are supposed to accomplish. The legislation in Section 202(b)(10) stipulates that assistance (grants and loans) shall not be extended

"...unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program".

The planning grants authorization itself (Section 301 (b)) indicates that the Secretary

"...is authorized to make grants to defray not to exceed 75 per centum of the administrative expenses of organizations which he determines to be qualified to receive grants in aid...".

While the legislation is not particularly clear on the purpose of the planning grants, EDA's own orientation toward the program has, at least in its formal rhetoric, stressed the planning function. This is in parallel with other federal programs that follow the same pattern of requiring some

kind of a plan (e.g., a workable program or a comprehensive health plan) as a prerequisite to project assistance. The EDA Handbook comments that EDA can assist an Economic Development District by providing planning assistance

"...to enable each District Organization to make maximum use of all resources. To ensure professional know-how in the preparation of an Overall Economic Development Program, EDA encourages each District organization to engage a full-time professional staff".*

This same orientation toward planning as the main output of the district and area organizations and the main function of the "planning" grants is revealed by material provided by EDA to the Special Subcommittee on Economic Development Programs of the House Committee on Public Works. The subcommittee submitted a series of questions to EDA including, "How would you go about evaluating the projects and programs in public works, business loans, technical assistance and planning grants?" EDA's answer with respect to planning grants was:

With regard to evaluation of planning grants, EDA places special emphasis upon the following factors:

- (a) Was the planning grant of significant help in assisting the local community in economic development planning?
- (b) If the planning grant was given to an economic development district, is the district organization broadly representative? Are the views of the district's unemployed and low income groups taken into account?
- (c) If the planning grant was given to a community, to what extent does each segment of the community participate in the planning?
- (d) Are residents of the area affected by the planning grant helpful in the actual planning or is the major portion of the planning conducted by professionals?
- (e) Did the planning grant enable the development of a comprehensive in-depth plan for economic development or was the economic development plan cursory and impractical?
- (f) Did the planning grant affect the overall economic development of the community?*

* EDA Handbook for Economic Development Organizations, Vol. 1, p. II-1-4.

** Committee on Public Works, Subcommittee on Economic Development Programs, Hearings, "Evaluation of Economic Development Programs", U.S. Government Printing Office (1969), pp. 31-32. For such interest as it may hold, the following are the answers to the questions developed in the course of the current study: (a) only of marginal help; (b) generally, no; (c) very little; (d) by professionals; (e) on the whole the plan has had little impact on actual decisions; (f) yes.

THE ECONOMIC PLANNING PROCESSThe Role of the Community

Although there are exceptions, the economic planning process tends to be viewed from the standpoint of the realistic leaders of the districts as simply another requirement that must be complied with as part of the process of getting federal project money. This view is fortified by the apparent (at least from the standpoint of the district) stress of EDA on the format and polish of the document rather than its contents. It is only a slight exaggeration to say that popular participation in the preparation of the OEDP makes about as much sense as popular participation in the preparation of an application for a federal grant. While it may make sense in theory, it does not seem entirely reasonable in practice at the local level.

Despite attempts to stimulate interest in many areas, popular interest in the preparation of the OEDP is limited, largely because it is difficult for the local communities to see the relationship between the preparation of the OEDP and subsequent decisions that may be made about projects.* Furthermore, the OEDP requirements lead to a long, written document with many tables and considerable statistical material. By contrast, the local leadership in depressed areas is not oriented toward the written word, not inclined to read long documents, and definitely not skilled in the type of writing which federal staff members and consultants undertake as part of their everyday work. For these reasons we were not surprised to find that in most districts and areas the members of the Board of Directors have not even read the OEDP, and definitely have not taken a significant role in its formulation.**

As a result the Overall Economic Development Plans have tended to be written by a combination of outside consultants, state officers, and helpful college professors, but primarily by members of the district staffs. These documents have been reviewed in painstaking detail by Washington officials of EDA, returned in most cases for revisions going more to the form of the document than the substance of its contents, and ultimately approved by Washington.

* Local personnel are not mislead on this point; as we note later there is very little relationship between the OEDP and the projects except that an OEDP is needed to get the projects.

** EDA is by no means alone in this problem. The model cities planning process was designed to obtain simultaneously local participation by a poorly educated populace in preparing a plan, and to produce a lengthy document in a PPB format.

The Function of the OEDP

In no case that we discovered was the OEDP really used as a guide to project selection or to the strategy of the staff of the development district. There are good reasons for this from the standpoint of those who write the OEDP's.

From their standpoint it is impossible to predict at the time the OEDP is written when and what types of fundable projects may arise within the district in the future. Because of the requirement that the projects be consistent with the OEDP it, therefore, appears necessary to write the OEDP in such a way that the projects then under consideration and all potential future projects will qualify. Thus, instead of the planning determining what projects shall be pursued, the decisions on the projects to pursue and those likely to be pursued in the future determine what the plan will look like.

On the other hand, the OEDP and the process of its development by district staff members has served a number of useful functions. The OEDP serves to give EDA officials and others in the local community and outside it a compilation of useful information about the district, its' possible problems, their causes, and some possible solutions. Thus, it can provide a kind of handy fact book about the district--so handy, in fact, that one district is now selling its OEDP's at \$25.00 a copy.

The preparation of the OEDP was also cited by some district staff members as useful homework for learning about the district and learning sources of statistical data.

What's in the OEDP

One staff director of an organization that might be considered rival to the development district (namely a regional planning commission) called the OEDP "a rehash of 1960 Census data plus a want list". While this criticism is somewhat overdrawn, the OEDP's are by no means perfect documents (and are so recognized by the EDA personnel with whom we have discussed them). A representative selection of OEDP's was reviewed by Robert Nathan Associates in their recent study of the planning grants program.* For that reason the Battelle study did not focus intensively upon the OEDP as such (particularly because it does not play a major role in decision-making). However, in the evaluation of the planning activities of the districts and areas, the general form of the OEDP (set by EDA) and its normal contents are worthy of some review. This is done in the following paragraphs on the basis of the format of one of the most recent (first stage) OEDP's issued by any of the districts

* Robert R. Nathan Associates, Inc., Evaluation of District and Area Planning Programs (Washington, D.C., 1969).

and areas that were a part of the Battelle study, plus some others, provide the substance of examination.

The OEDP's begin with a section on district organization which provides background on the district itself: the form of its organization, its organizational history, the membership of its board, its method of financing, and the biographical sketches of the district staff. Some newer OEDP's tend to contain statements of goals that are in quantifiable form; the older OEDP's do not. For example, the Central Arkansas OEDP subscribes to the goal of lowering the unemployment rate "with special emphasis in the depressed counties to reduce this rate to the national average by 1972". The discussion indicates "we hope to provide 2,500 new jobs in manufacturing alone and 3,500 new jobs in other classifications within a year. Per capita income should be increased 10% to 12% each year."

The second section of many OEDP's provides an overview of the district. This material in all the OEDP's reviewed is an exercise in small-area economic geography. It takes such materials as highway maps, topographical maps, population estimates, and similar data and combines them with a brief economic history of the counties in a district. Rationalization, if not justification, for the particular boundaries of a district can be found in this section.* That justification usually is phrased in terms of geographic proximity, the existence of natural boundaries (and frequently unnatural state borders) at the edges of the district, and a common set of economic problems.

A third section describes the population and labor force of the counties of the district, largely based on 1960 Census data coupled with the employment and payroll information gathered by state employment security agencies in connection with the enforcement of unemployment compensation taxation.** Such Census information as family characteristics and age is considered in detail and separate tables are provided for minority populations where they are a significant factor in the district (and where they are not).

The fourth section of the Central Arkansas OEDP (and a major contributor to the size of all OEDP's) is the elaboration of employment patterns.

* While examination of the appropriateness of districts' boundaries was not within the scope of Battelle's study, a casual observation is that many of the boundaries were determined without much rationale except to include two redevelopment counties, or as a political defensive action so that one or more counties would not have to become a part of a Council of Governments (COG) or another EDD.

** Among the aids available for constructing statistical information is EDA's "quick query", which, however, some district staff members believe is neither quick nor particularly accurate.

This material is a combination of 1960 Census data and information from state employment security offices on wages and covered employment. The transportation discussions in these sections usually provide some maps and indicate such things as airports, highways, and rail lines in the area. Data on the unemployed and agricultural resources also are presented.

Physical resources are considered in a separate section drawing principally upon Census of Agriculture data supplemented, where relevant, by data on mineral resources and extraction that are collected by the Bureau of Mines. Community resources are inventoried in a separate section that usually consists of counts, geographic and enrollment descriptors for educational institutions, and comparable information for hospitals. Housing information is taken from the 1960 Census.

One key element of decision reflected by the OEDP is the designation of the growth center.* The OEDP includes a description of the proposed growth center and various data about the growth center that parallel the information discussed above in connection with the overall economic development district or areas.

The OEDP's conclude with general descriptions of projects and some attempt to give them a priority rating. There is also a discussion of development strategy, the content of which will be explored below.

THE POSITIVE ACTION PROGRAMS

In recent years, EDA has been requiring that the designated growth centers produce a document known as a positive action program which will indicate the nature of the commitment which the growth center is making to the redevelopment counties and particularly the unemployed and persons of low incomes in those counties. These positive action programs are seen by

* The designation of a growth center is politically important because, if accepted by EDA, it means that the designated center will become eligible for EDA assistance. To the nondesignated cities outside of redevelopment counties, the designation of another city means loss of hope for EDA assistance. Naturally, the district has a considerable interest in designating as broad a territory as possible for the growth center, and EDA feels an obligation to keep the designations within bounds. The result of the ensuing negotiations is reflected as a decision with the OEDP, but the process of drafting an OEDP is really not quite the same as the process of seeking approval for designation of a growth center.

EDA Washington staff as a way to encourage the cities to begin to plan and to take positive actions to make the stimulus to the growth center's economy translate to jobs and income in the redevelopment counties in a way superior to mere "trickle down" of economic benefits.

Without exception, in the 26 areas studied, the positive action program requirement has been looked upon as simply another set of paper work necessary to obtain federal funding of project applications. While EDA has had some success in encouraging cities to take positive actions toward the redevelopment counties by putting conditions on actual EDA projects, in the absence of project assistance "with strings attached", EDA and the development districts have not had the leverage necessary to cause the cities designated as growth centers to revise any of their basic community policies.

As a result, the drafting of the positive action programs has consisted of considering the things that a city is now doing and would like to do in the future, and rationalizing those things in terms of their impacts upon the redevelopment counties and persons of low income and the unemployed. While such effects from the city's already planned policies and projects certainly do exist, the positive action programming process does not change any of the city policies or any of their impacts insofar as we have been able to determine.

One very strong indication of the negligible impact of the positive action programs has been how they are treated by decision-making bodies (e.g., city councils and mayors) and how they are drafted. Generally, they are drafted by staff members either of the growth center or, frequently, staff of the district, and are simply signed by the mayor or ratified by council without substantive discussion.

EVALUATION OF THE PLANNING FUNCTION

This section provides Battelle's evaluation of the effectiveness of planning in the Economic Development Districts and Redevelopment Areas.

The planning profession in both business and government has given birth to a substantial literature on what planning is, what it is supposed to produce, and how it might be evaluated. This report is intended to be neither a rehash of that literature nor an attempt to develop unique tools suitable for the evaluation of planning functions generally. Instead, evaluation criteria are being adopted from what would appear to be something of a general consensus concerning the function of planning in the economic development context and what constitutes planning.

Those consensus criteria relate both to the planning process and to the planning output, as well as to the planning result. There is a

presumption, but just a presumption, that the appropriate planning results cannot appear without a satisfactory planning output (a plan) and without a satisfactory process having been followed.

The Planning Process

As noted above, the process of producing OEDP's and positive action programs cannot be evaluated as a success against a criterion of meaningful participation on the part of the EDA-defined target groups (e.g., the unemployed and persons of low incomes), as the participation of those groups in the actual development of the plans is negligible. Likewise, because of the tendency for the plan to be a document with a format prescribed by professionals (by EDA) and with contents written by professionals (consultants, state personnel, and district staff), the participation of local leadership in the formal planning process has been limited as well.

Leaving aside the issue of participation in the planning process, that process can be evaluated in terms of the steps that were followed in deriving the planned course of action. Although individuals may differ on the terms used for the various functions,* the list of questions below provides an indication of some reasonable tests of such a process. The questions are answered on the basis of the observations made by Battelle staff in the 26 districts and review of the OEDP's for these districts plus about a dozen others.

(1) Is the process addressed toward a clearly identified objective or objectives (e.g., reducing unemployment or increasing incomes)? In general, the OEDP's are oriented toward relatively discernible objectives consisting primarily of (a) reducing unemployment, (b) increasing incomes, and (c) increasing real standards of living by increasing amenities such as public sector outputs of education, control of pollution, water supply, and the like.

(2) Are "goals"--measurable and time related statements of degrees of achievement of an objective--stated? The development districts have been encouraged by EDA to develop goals in this quantified form. To some extent this has been done as is evidenced by the following statement from the Southeast Arkansas OEDP: "The unemployment rate in depressed counties should be lowered to the national average by 1970."**

* The terminology used here follows that used in H. Hovey, The Planning-Programming-Budgeting Approach to Government Decision-Making (Preager, 1968).

** Overall Economic Development Plan, p. H-1.

On the other hand, most of the goal-oriented statements in the OEDP's are in the form of objective functions so general that measurement of whether the goal was achieved is impossible. Some examples of such statements of goals are indicated below:

"To promote the use of natural and human resources through... and upgrade the industrial economy by"*

"To increase agricultural productivity through"**

"Our goals is to protect, promote and develop the abundant resources of the District."***

"To encourage greater and better utilization of the excellent outdoor recreational and tourist resources of the District."****

(3) Are alternatives to achieve the goals developed?

In general, (for reasons that will be explained later in the report), the various options open to Economic Development Districts and the area leaders are not really considered as alternatives. Basically, the options are not physically exclusive--for example, a water and sewer project is not likely to preclude construction of a school. In many cases, the options are not financially exclusive. For example, in theory at least, the fact that a district received funds for a water and sewer project in one part of the district should neither help nor hurt its chances for getting a business loan or a water and sewer project elsewhere in the district. However, the local share of the costs of many different economic development efforts does put a constraint on the number of projects that can be pursued simultaneously by a community. Despite this, the planning process does not really involve a situation where trade-offs are considered and where alternatives are clearly identified as alternatives, particularly among district communities.

* Ibid., p. H-2.

** Ibid., p. H-3.

*** Ibid., p. H-5

**** Capital Economic Development District, OEDP, p. 182.

EDA has attempted to get the districts to assign priorities to various projects. Generally, however, this effort has failed though being complied with in form but not in substance. Because the local leaders do not really consider projects as alternatives to each other and to non-project development strategies, they are reluctant to get serious about any priority assignment system. This, and the related political problem of indicating rankings among different municipalities, is pointed out with eloquent understatement in the section dealing with priorities in the Central Arkansas OEDP which states:

The history of jealous and zealous competition between cities, counties and regions has discouraged the assigning of priorities to long-range projects. Instead, only expedient projects that are representative of the needs and which can be implemented and completed in the foreseeable future are listed.*

The systematic listing and consideration of alternatives in the context of the OEDP has also been discouraged by EDA's own natural focus toward its own programs and development strategies. Many of the realistic alternatives for economic growth do not involve the federal government at all (e.g., establishing a local industrial development corporation), other alternatives involve other federal agencies (e.g., improving the labor relations climate, encouraging the expansion of a military base, adding a new leg to the Interstate highway system), and still others involve state government functions. In general, the OEDP's tend to focus upon project-related alternatives to the partial (but by no means complete) exclusion of the other types of developmental alternatives.

(4) Is a baseline established? When goals for an economic development district are specified they are normally future oriented, for example, to reach a given income level by a specified year in the future. Because many of the factors that will determine whether this objective will be reached are beyond the control of the district, it is important to obtain some indication of the degree to which existing forces will tend to achieve the goal, so that the additional effort required by the

* Central Arkansas Economic Development District, OEDP, p. 174.

district can be ascertained. This would indicate that some kind of economic growth projection, assuming no action on the part of the district, would need to be developed. From that baseline the district could develop alternatives to improve upon that situation (achieve goals). These types of baseline projections are not a part of economic development planning in the districts and areas studied.

(5) Are alternatives examined in terms of the degree to which they will achieve goals? A reasonable planning process considers alternative actions in terms of their payoffs (benefits-effectiveness-output-increments of goal achievement) and their negative consequences (costs). Payoffs can be related to the goals to be achieved. This would suggest looking in the district planning process for consideration of project and non-project activities that would involve explicit consideration of the impact of the project on jobs and income--not just that the project might improve employment and income but improve them by how much and at what cost. Except in the project application process (where the "jobs" data has a different meaning), this feature is not found in the districts studied.

(6) Are the goals systematically reconsidered after the probability and costs of attaining them are known? The answer to this question in all districts is no. Because baselines are not established and the alternatives not quantitatively related to the goals, a systematic reconsideration of goals is simply not possible in the districts.

The Impact of the Plan

For reasons discussed in detail in the chapter dealing with projects, the plan resulting from the planning process does not have a major impact upon the actual selection of projects.

The plan does, however, have some impact upon the district's own staff in that the process of writing it forces the staff into the position of considering what it has to work with by way of community resources and the various programs it might undertake. However, even if the plan were perfect, it would not provide a basis for action on the part of the district staff because the objectives addressed by the plan (primarily economic growth) are not the same as the objectives of the district staff. The staff, while clearly working for economic growth, is also working for its own survival, and for community service in forms that bear only indirect relationships to the jobs and income goals addressed by the plan.

In addition, as several executive directors pointed out, the OEDP's are static as opposed to dynamic documents and reveal little about the district's situation. First, the data that are included do not reveal the on-going process of change in the district. Second, the OEDP's do not deal with political and social realities. Thus, while a district may be admirably situated for growth as revealed by the OEDP, social divisions and political rivalries might substantially reduce the real growth potential. Further, with requirements for wide distribution it is unlikely that much candor will be generated in the OEDP's.

CONCLUSION

As noted in the beginning of this chapter, economic planning function is generally considered to be one of the major, if not the major, purposes of the staffs of the economic development districts and redevelopment areas, as well as the purpose of the planning grants that pay the costs of maintaining the district staff. Generally, however, the planning function is frequently considered by local leadership as a prerequisite for federal funding rather than as a function that the district would pursue with ardor if not forced to do so by the federal government. The production of plans has been left "to the experts" with limited exceptions so that citizen participation in the process is quite limited. Although the plans adopt the format of a systematic analysis, in reality the plans do not reflect the elements that one would expect to find in such analyses. The plan is not really a precise guide to action by the districts, although the process of its formulation undoubtedly assists the staff in deciding what to do.

Some of these problems are inherent in the district program; others could be avoided by various steps that are discussed in the concluding chapters of this report.

CHAPTER 6. WHAT THE STAFF OF DISTRICTS DO: GRANTSMANSHIP

Although the function of grantsmanship is probably not stressed as much as the planning function in Washington considerations of the planning grant program, we quickly discovered in the field interviews that many individuals connected with the district program considered the primary function of the district staff (and thus the planning grant) to be in servicing the various federal and state grant programs in the districts. That is, the primary reason for having a planning staff is to qualify for federal grants and, therefore, the staff tends to be judged by its effectiveness, as perceived by district residents, in increasing the flow of federal and state dollars into the district. For convenience, we have called this function of increasing federal and state grants in the district "grantsmanship", without seeking to express any opinion at this stage of whether such activity is desirable or undesirable.

RECOGNITION OF THE GRANTSMAN FUNCTION

The Handbook published by EDA for use by the district organizations contains a clear endorsement of the concept of using the district staff for the function of procuring federal funds from EDA and other federal and state agencies. The Handbook indicates:

Through the District's professional staff, Redevelopment Areas and other counties within the EDD can take advantage of EDA assistance and available funds from other State and Federal programs, since the responsibility of the staff is to provide comprehensive, project-oriented planning for the entire District, the staff must constantly seek and encourage new projects and develop funding possibilities in the Department of Agriculture; Health, Education, and Welfare; Housing and Urban Development; the Office of Economic Opportunity; and other Federal and State agencies.*

Grantsmanship has been heavily emphasized by many of the district staffs, largely for the reasons suggested in Chapter 2 of this report. The staff is seeking in many areas to prove the worth of the district program and to continue to obtain local contributions by demonstrating successes in obtaining federal grants that would not otherwise be available to the districts they serve. Despite the strong motivations for districts to pursue a grantsmanship role, the emphasis given to this function varies markedly among the districts studied.

* "Handbook", previously cited, p. II-1-4.

Given these differing emphases, the degree to which grantsman functions actually are accomplished also varies among districts. These contrasts can best be illustrated by contrasting slightly exaggerated types of districts.

The full-service grantsmanship district has a staff and local communities that are strongly oriented toward seizing all available grant opportunities regardless of what federal or state agency may be involved and regardless of whether the grants are for economic development functions, indirect economic development functions, or simply for community amenities that have a very tenuous relationship to economic development (e.g., public housing).

Such districts normally have staff members that conceive projects. Instead of waiting for local officials to come to them looking for a federal program that will fulfill a previously determined local need, the staff members frequently study local situations and, based upon their knowledge of local situations and federal programs, the district staff members conceive the project themselves. In such districts there are staff members with wide (almost encyclopedic) knowledge of federal programs available and the procedures by which fund allocations are made, as well as staff members with a comprehensive feel for local needs. Besides conceiving projects themselves the staffs of these districts are active in working with others to promote ideas conceived by local leaders.

In such districts, the staff members undertake partial or full responsibility for mobilizing local support. Rather than passively waiting for conditions of federal programs to be complied with through local initiative and rather than waiting for popular support to build for a particular project, the district staff sells the project. This sales effort may involve such functions as getting the landowner to agree to give an option, arranging for private financing, getting the local city council to put up the local funds, and the like.

Comments made by executive directors in conversations with Battelle economists indicated sharply the contrast between the full grantsmanship district and districts less aggressive in the grantsmanship role. The executive directors of grantsmanship districts were likely to make comments when passing through smaller towns such as: "This town needs a park, preferably over on that (pointing) side of town", and "We are trying to get support for an industrial park to be located here". On the other hand, executive directors of the other districts were, in similar situations, usually making comments like "This city is trying to find a way to fund an improved water system". The difference comes in whether the district staff sees itself as a review and assistance group for local officials or whether it considers itself a leader in improving the community.

In the full grantsmanship district, the district staff itself is normally involved in preparing applications for both EDA and non-EDA projects. One easy indicator of this role of the district is where the application was actually typed. In the full grantsmanship district the application was frequently prepared in the district offices--sometimes with the cooperation of the engineers in the case of public facility projects--then typed in the district offices, taken to the applicant (say a city) for "signature", and brought back to the district office for further processing.

Likewise, the full grantsmanship district staff members assume active responsibility for getting the projects funded through some strategy or another. These strategies vary markedly. Some districts rely very heavily upon political support to get applications funded. They take great pains to keep "their" Congressmen and Senators apprised of what projects are being applied for and use those officials as a way of monitoring the progress of the application through the federal offices and of stimulating action when it might not otherwise be forthcoming. In other districts, the district staff members work very hard to cultivate informal working contacts with the grant dispensing agency officials, and take great pains to avoid any possible alienation that might result from going over these official's heads by using political channels. While the approaches vary, the full grantsmanship district in effect undertakes to do whatever is necessary to get a project funded once it is applied for by any jurisdiction in the district.

Another key characteristics of the full grantsmanship district is that the district staff is relatively indifferent as to which federal agency happens to fund whatever is done in the district.

Of the 26 areas and districts covered by the Battelle study about six (the definition of such districts is, of course, imprecise) fit the description of the full grantsmanship district.

The Passive District

By contrast to these full grantsman districts, some district staffs play an entirely passive role with respect to projects. In some districts the passive role extends only to non-EDA projects and a more active role is taken in the case of the EDA projects. In other districts, the district operates in a passive role even for EDA projects. This passive role consists of operating the district as a source of information and application forms and as a kind of intermediate level of review serving primarily the function of trying to make projects "fundable" by making sure that the application does not contain major errors or omissions. Some districts seem to play this passive role because taking a more active role has simply not occurred to them. Other play the passive role as a matter of policy out of fear of alienating some segments of local government by preparing applications and doing other grantsman services for other local governments in the same district.

The applications for projects in the more passive districts emanate from many of the same sources that served as application generators in the days of the Area Redevelopment Administration before the districts were established. The role of providing help in preparing the application may in part be assumed by the EDA economic development specialist in the state. More frequently that role is performed by staff members in the area applying for the project and by individuals with a vested interest in the project (e.g., engineers who would get contracts if the grant application were approved).

Other Districts

Most of the districts studied do not precisely fit either of the two patterns discussed above. Rather, the typical district assumes a quite active role in some projects but an inactive one in others. Where the leadership in development of a project arises thus becomes a function of the project. Quite frequently the growth center will be sufficiently large and well staffed that it can develop its own projects (and will desire to do so) while more aggressive grantsmanship on the part of the district staff becomes necessary if the smaller communities are to get grants.

THE EVALUATION OF THE GRANTSMANSHIP OUTPUT

Grantsmanship Measured by Grants

The obvious approach to measuring the output of the districts that pursue grantsmanship is simply to tabulate instances where the district has succeeded in obtaining grants. Such an approach would assume that the districts began with comparable positions in (1) the number of potential fundable projects and (2) in their access to grant sources. The first assumption is clearly not true from district to district and the second tends not to be true where allocation of grant funds is determined by political criteria or by economic criteria (e.g., state income factors) that result in more grants being available in some states than in others.

Aside from these problems, one is confronted with a problem of defining the scope of the concept of "grants" for the purpose of measuring the effectiveness of a district staff. In this connection it is important to note that the staff members perceive (correctly) that many federal and state activities beyond the transfer of resources from a grantor to a grantee will affect the economic development of the district. The range of policies that might be considered appropriate for attention by a district might include:

- (1) Policies that affect the health of particular industries in the district (e.g., pollution control, tariffs, agricultural subsidies)
- (2) Regulatory policies that affect the availability of services in the districts (e.g., CAB airline route case decisions, cases before the ICC involving the curtailment of railroad service, Forest Service policies on allowable timber cuts)
- (3) Decisions on the location of federal procurement and research and development
- (4) Decisions on the location and increased (or decreased) staffing of federal and state installations in the district (e.g., military bases and state colleges)

- (5) Decisions on the allocation of federal and state project funds where grants per se are not involved (e.g., location of state highways and federal multiple purpose water resource development projects and recreational areas)
- (6) Decisions on the transfer of funds from a higher level of government to a lower one--grants in the traditional sense. Within this category there are hundreds of federal programs involved as well as some state programs.

It would be possible to attempt to develop a method of measurement of the flow of benefits from federal and state governments to particular districts and areas, although a number of conceptual problems are involved, particularly when dealing with indirect effects of general policies (Category (1) above) and the specific area effects of regulatory policies (Category (2) above). When these categories are excluded it is possible to develop broad notions of the flow of federal and state benefits to particular areas although the task is a laborious one and many of the assumptions are controversial.*

However, to attempt to evaluate the district program by such variables would mean evaluating the districts on the basis of factors over which they have no effective control and which in many cases they do not seek to influence. This factor suggests, along with the obvious high cost and doubtful reliability of an evaluation system based upon an attempt to record all federal and state benefits to an area, that any evaluation system related to the grantsmanship function must concentrate upon the relatively easily measured flow of federal and state funds in the form of grants.

Even accepting the confining of the measurements to actual grants, there is a considerable question of what grants might appropriately be counted in the evaluation. A reasonable classification of the circumstances that might accompany a particular federal grant are shown below:

- (1) No possible influence by the district on the grant. The grant is accomplished by a widely applicable formula, with little or no specific action required by a local government in the district to obtain it and no real power in the hands of the grantor agency to refuse to make the grant. This type of

* Battelle has undertaken such an analysis for the programs of a particular state in J. Bowman, H. Hovey, and F. Stocker, "Fiscal Equity: A Study of Comparative Revenue Payments, Fiscal Capacity, and Public Expenditure Benefits and Needs in Seven Areas in Missouri" (1970), while the Tax Foundation has done some work in tracing the flow of federal expenditures by state.

situation covers, in most states, the distribution of turn-back road and bridge funds, local government general revenues from the state, and state aid to schools. For federal programs this category includes federal payments to land grant colleges in the district, subsidy payments made to particular individuals in the district, and perhaps other programs.

- (2) Influence possible, but district has no knowledge of grant.
In many other cases it is conceivable that the district staff might influence the grant, but in fact has not done so as evidenced by the fact that the district had no knowledge of the grant until it was made. The number of projects in this category will vary from district to district, but it is doubtful if any district staff is aware of all of the federal and state grant programs taking place within their area. Many districts make no attempt at all to participate in the grantsmanship process for elementary and secondary education (other than vocational education). Many districts that are not involved in comprehensive health planning are not a part of Hill-Burton hospital assistance. For various other reasons some of the districts are not privy to the grantor-grantee relationships in OEO programs.
- (3) Influence possible, district has knowledge, but district has taken no action. In a large number of cases (particularly in the districts just getting started) the district staff may be aware that a particular grant is being applied for, but may have taken absolutely no action with respect to the grant. In such a case the existence of the district staff has not really had an influence upon the awarding of the grant.
- (4) Influence possible, district has knowledge and has taken action that otherwise would be taken by others. In many cases the staff of the district might have taken action to help get a particular grant, but that effort may not be a decisive factor in obtaining the grant because if the district had not been in existence some other institution would have taken the necessary action to get the grant. Alternative institutions exist for all federal programs. In the case of non-EDA programs the fact that these programs operate throughout the United States--not just in areas served by Economic Development Districts--suggests the obvious, that these programs can operate without the districts being involved. In the case of EDA programs, the bulk of the funds are expended for public facility loans and grants, programs similar to those of the Area Redevelopment Administration, which did not rely upon a form of organization including a professional staff.
- (5) Influence possible, district has knowledge and has taken action different from that likely to be taken by others. This case occurs where, if the district had not existed some project would have been undertaken, but not necessarily exactly the same project as the one that was developed through the work of the

district staff. In such a case the output from the district operation is not the total grant, but rather the difference (positive or negative) between what was in fact approved and what would have been approved if there had been no district staff.

- (6) Influence possible, district has knowledge and has taken action but for which the project would not have been developed. This is the only category of project where the impact of the district has been decisive. The test for such projects is "Would the project have been undertaken if there had not been an Economic Development District staff?"*

Data on Grants

The data that either are available or could be made available on grants in individual districts and redevelopment areas fall into the following categories:

- (1) Information indicating the total federal and state grant activity in a district. Such information is available on a county basis from the grant dispensing agencies and can be collected on a county basis either by the staff of the development districts or some other agency. For example, OEO at one time undertook the compilation of all federal programs active in each county in the United States. Because this information includes many projects in which the district staff had no role whatsoever, it is obviously a fallacious measure of the effectiveness of the district.
- (2) Information confined to projects in which the development district has had any role. Such information could be developed by the districts themselves. The role of the district will vary considerably from project to project. The district may have provided information used as background for the project application; it may have reviewed the application as an umbrella review agency under BOB Circular A-95; the staff may have attended meetings about the project; etc. Some districts try to keep track of staff activities on this basis and, at the request of EDA, Battelle staff members have collected information from a number of districts on projects with which the districts are associated in this fashion.

* Formulation of the question in this manner avoids the subtle fallacy of giving the district staff, and thus the planning grant, credit for projects such as EDA grants in growth centers, where the existence of a district is necessary but a professional staff is not.

The use of this information as a basis for measuring the effectiveness of either the district staffs or the planning grants would clearly be fallacious. Such use would imply, quite incorrectly, that the district staff should be given credit for projects of federal agencies under circumstances where the same project would have been undertaken even if the district did not exist. Further, such an approach has inherent double counting aspects as, in effect, the same project would be used to justify the district staff and the staff of the local and/or federal agency most deeply involved in preparing the project application.

- (3) Information on projects that would not have been undertaken in the district except for the activities of the district staff. Because of the obvious interest of the district staff in maximizing claims of accomplishments, the development of such a list would have to involve independent confirmation of the claims made. Such confirmation could be obtained, although the process would be a painstaking one. For example, where a district staff claimed credit for a particular water and sewer project in a community, it would be necessary to interview the other actors in the process (e.g., the engineers, the granting federal agency, and the local leadership in the community receiving the grant) to see whether the district in fact played the major role in the approval of the project and whether someone else would have gotten the project approved if the district staff had not been in existence. Battelle staff members undertook some evaluation of this type during the course of the field visits, but not a great deal as such evaluations tend to consume four to eight hours for each project considered, even when the appropriate actors can be located (and frequently they cannot).

In the 26 districts and areas studied, Battelle team members have concluded (on the basis of a mixture of judgment and hard evidence) that the district staff has made a significant difference in project funding in their districts in all but three of the cases. In other words, if there had been no EDA district program and planning grants, some of the projects in 24 districts would probably not have been undertaken.

Problems With Considering Grants as an Output

From the standpoint of local officials deciding whether to continue to put up local cost sharing funds for a district, it is certainly reasonable to consider the return on investment in terms of federal grants coming into the district as a result of staff activities. However, the federal government cannot assume the same evaluation criterion. To do so would suggest that it is legitimate to count as a benefit of spending some federal money, the fact that

that money is in turn used to cause spending of additional federal money in the form of projects.* From the federal standpoint, the projects generated by districts for federal funding must be counted as costs not as benefits.

The benefits that are relevant from the federal perspective are the outcomes that are expected to follow from the federal grants (e.g., better hospital service, reduced pollution, increased incomes). These benefits can then be related to the costs associated with the grant as well as the costs of obtaining the grant, including that portion of the cost defrayed by the federal government through the planning grants program. For example, if it could be established that the district staff caused a water and sewer grant to be made to a town in the district, the relevant output from that effort is whatever benefits might flow from the water and sewer project minus all the costs of the project.

The Battelle study was conducted in parallel with other evaluation studies that focused upon the output of particular grant and loan projects. Should those projects prove successful, it might ultimately be possible to evaluate the effectiveness of the districts in the grantsmanship function for EDA projects (but not for other federal agency projects) by considering the benefits found for each project that the district's staff caused to be located in the district.

One currently available alternative would be to utilize the estimates of "jobs" created that are associated with each project as the output indicator for the project. We do not recommend this method. Our field work has clearly indicated that the jobs estimates used in project applications and presented to EDA in defense of programs are extremely unreliable indicators of the output of projects. Many EDA projects benefit firms that are already in an area and would say whether EDA undertook a project or not. Many other projects benefit newly located firms, but do not affect the number of jobs in an area because the firm would have provided the same number of jobs in the same place with or without EDA assistance.

A final problem to be considered in connection with the evaluation of district grantsmanship functions is based upon the fact that grantsmanship in most federal programs is a zero sum game. That is, the gain of a project in one area through activities of a development district is the loss of a similar project in another area. This follows from the fact that the budgets for federal grant programs are usually less than the amount that would be required if all "fundable" projects were to be approved and funded. Nothing that the district staff does tends to influence the total size of such budgets as those for public housing or the Hill-Burton hospital construction program. As a result, the success of a district in getting a project approved for 50 units of public housing may reflect a benefit for the district; but somewhere else in the United States there may be a cost associated with not being able to get the public housing desired. In such a case the benefit from the district's success in locating the project in the district can appropriately be measured (taking the national point of view) only by the difference between the benefits of the project where located and the benefits that would have flowed had the project been located in some other place.

* No doubt, cases could be found of federal agencies that count benefits in exactly this manner.

Priorities

One of the requirements for the OEDP is a statement of the priorities associated with the anticipated projects listed in the OEDP. Since the projects usually listed are based on the presence of federal grant money we can now turn to the question of what effect the priority rating has and why. The "what effect" question is quickly answered because the priorities that the districts may set on projects have virtually no effect.

The reason for this is the lack of an effective mechanism for enforcement of priorities and the local view that the federal treasury is an inexhaustible source of grant funds. While the district itself may have a list of priorities, the individual communities do not see any connection between their projects and the overall availability of funds to the entire district. There is no limit set on the funds that may come to any given district via federal grants so there is no need to follow the priorities.

Imagine, for example, the plight of an executive director seeking to explain to his Board why he (or it) must set priorities involving a public housing project in Community A, an EDA funded water and sewer project in Community B and an application for law enforcement assistance in Community C (or for that matter in Community A or B). These projects are not mutually exclusive in any way, there is no reason for the district to pick and choose among them when their chances of getting one is not reduced by getting the others. The priority exercise in this context resembles asking someone to choose between bouquet and taste at a wine-tasting party, or asking someone to choose between a free car and a free boat. As long as getting one does not interfere with getting the other, reasonable men do not set priorities.

The constraining factor in grantsmanship then becomes the availability of local matching funds, but the allocation of local matching funds is normally decided by the jurisdiction putting up those funds rather than by the district.

Twist Effect

Another aspect of the priority picture is the twist effect exerted on priorities by the presence of the various federal programs or federal "carrots". For example, in many communities law enforcement is not a pressing problem, yet the availability of funds via the Justice Department law enforcement assistance program suddenly finds these communities discovering heretofore unknown law enforcement problems and deficiencies. One executive director admitted that his sole purpose in helping the district communities obtain law enforcement funds was to increase the flow of federal dollars into the district and, therefore, bolster the status of the district staff.

Other Issues

In most cases the first preference of the districts is to apply for EDA grants since they view themselves as part of EDA. However, the EDA requirement that grant dollars be somehow job connected forces the districts to look elsewhere for funds for many projects. In part, the popularity of

industrial parks is due to the fact that they are relatively easily shown to be job connected, and more particularly they are popular because they result in overall improvement of the communities' water and sewer facilities. This is not to deny the importance of industrial parks as immediately available sites for industrial location in areas that are otherwise unattractive to new industry. But as many executive directors pointed out, other things besides job creation are important--particularly, in their view, improved community facilities.

CONCLUSIONS

The grantsmanship function is an extremely important one for most of the development districts and areas covered by this study. Success in grantsmanship is probably the best single indicator of district performance used by local officials in deciding whether to continue to provide local funds to match the federal planning grant. Our field studies indicated that a number of the districts have been quite effective in increasing the flow of federal funds to their districts.

The measurement of this effectiveness, however, is a difficult problem because of the difficulties in determining whether the same grants would have been made to the same places even if the district had taken no action. In many cases the district's contribution to the grant securing process is so slight as to make it a certainty that the district cannot be given "credit" for securing the grants. In many other cases the district staff may have made a substantial contribution to securing the federal grant, but whether another agency would have made a similar contribution if the district did not exist presents a difficult research problem--one that can only be faced on a project-by-project basis.

Even where the casual connection between the planning grant and other federal grants is clear, it is difficult to measure the value of the outputs of the grants. Conceptually, the costs of portions of the planning grant must be combined with actual project costs (federal and nonfederal) and those costs related to the benefits from the grant-supported project. However, the state of the art in measuring the benefits from federal programs generally is so poor that adequate measures of benefits from such activities as public housing, hospitals, and EDA activities do not exist. The existing measure of effectiveness of EDA activities, namely "jobs", is unsatisfactory for this purpose because the measure in operation claims credit for large numbers of jobs that were clearly not caused by the EDA activities. Further, as the EDA Handbook clearly indicates that not all jobs are to be viewed with equal favor. First, the character of the jobs is important--local serving or export oriented. Second, there is a strong relationship between where the jobs are located in the district and the "quality" of those jobs.

Despite the difficulties in quantifying the outputs of the grantsmanship function, the Battelle observers were uniformly impressed by the activities of district staff members in helping smaller local governments take maximum advantage of the panoply of federal grant programs. Thus, the

grantsmanship output, while unmeasured and unmeasurable within reasonable costs for evaluation, is unquestionably the most substantial benefit of the planning grants in many districts.

CHAPTER 7. OTHER ACTIVITIES OF THE DISTRICTS

Battelle's field work indicated that the development districts and areas are engaged in a wide variety of activities in addition to economic planning and grantsmanship. But while these other functions are a major part of the work of some districts they are not even carried out in others. This wide variation stems in part from the fact that, unlike the economic planning and grantsmanship functions, there is nothing in EDA policy or procedures which requires these other functions.

INDUSTRIAL PROSPECTING

District directors seem to vary more in the emphasis on industrial prospecting than on any other single aspect of their operations. In about half of the districts studied, the executive directors emphasized that the district is not in the business of taking direct actions to encourage new businesses to move into the community. These directors believe that such existing institutions as Chambers of Commerce, local development corporations and state development departments, as well as private utilities, are best equipped to perform this function.

In at least six of the 26 areas studied, the executive directors consider the location of new industry in the district to be their primary function. The staff in these districts seem to be operating with an objective of directly increasing the number of jobs in the communities they serve (or the incomes from those jobs). To achieve that objective they tend to move in the most direct fashion possible, namely recruiting new industry for their areas. There are a number of success stories resulting from these efforts. For example, one executive director in New York State clearly deserves personal credit for the location of a major industry in the district and thus, almost singlehandedly, accounted for the creation of a large number of jobs in the district.

The nature of industrial prospecting activities varies greatly among districts depending upon such factors as the economic conditions in the districts, the orientation and skills of the district staff, the other community resources available for industrial development and the other demands placed upon the district staff. In addition, the basic situation of the district with respect to the presence or absence of raw materials, location on or off major trade routes, the proximity to major markets for finished or semi-finished products, the availability of water, sewer and power facilities, the availability of topographically suitable land, and the availability of trained labor also affect the districts' propensities to engage in industrial prospecting by influencing the expectations of success.

Industrial prospecting appears to be regarded as inherently more risky than grantsmanship for essentially two reasons. The first reason given is that industrial prospecting is more likely to excite local jealousies and community frictions than grantsmanship. The second reason often implied but never succinctly stated is that both the staff and the district communities regard the number of available new businesses to be limited. Therefore, each new business is competitively sought not just within the district but on a nationwide scale. The district, in effect, is in competition with all other alternative locations in the United States. Also, with a limited number of new businesses it becomes more risky, in terms of likelihood to capture, to pursue industrial prospecting as opposed to grantsmanship.

Nevertheless, a number of district staffs are actively engaged in industrial prospecting efforts. Our limited observations suggested the RA's were more likely to emphasize industrial prospecting than districts.

Some of the activities involved in industrial prospecting are listed below from the reports made by Battelle staff members on observations made in the 26 districts:

- (1) Actual visits to the home offices of firms that might be willing to locate in the district,
- (2) Interviewing with company officials coming to look over a community as a possible location
- (3) Providing data about the community directly to a potential prospect or indirectly to the prospect through local utilities or others promoting economic development (in several cases this activity went far beyond the use of existing data in the district: in one case the executive director actually placed want ads to prove that an adequate supply of labor would be available and in other cases labor surveys have been undertaken)
- (4) Participating in the development of industrial location "packages" composed of such varied elements as options on land, assurances from local government on road construction and utility availability, agreements from railroads and privately owned utilities to service an area, arrangements for tax treatment of the industry, arrangements for the financing of the building to be used by the industry, and the like (sometime EDA programs form a part of these packages, but frequently they do not).

While it is possible to determine the types of activities that districts undertake by way of industrial prospecting, the measurement of the effectiveness of those efforts is beyond the current state of the art, except

in extreme cases. In one set of extreme cases it can be shown that the district did not have any effect upon industrial location because, inter alia, the district staff was not aware of the industrial prospect's interest until after the announcement of the location was made.* At the opposite extreme are the cases where the industrial prospect is willing to attribute his location decision to the activities of the district staff.

In most cases, however, evaluation is confronted with the fact that decades of research have still not indicated the nature of interaction of the critical variables that determine particular industrial location decisions. Some factors in location are beyond the control of the district (e.g., proximity to raw materials), other factors might have been influenced by the district, but in the short period they have been in existence probably have not been (e.g., highway systems, available labor force), and still other factors may have been affected significantly by the work of the district (e.g., available water supply). Yet these are important decision variables for plant location specialists.

Even given the configuration of industrial attractiveness factors in a district, it is difficult to allocate credit for the matching of a prospect's needs and a particular community. The prospect himself obviously has a considerable interest in ascertaining facts about a community and expends considerable effort in research on different locations. Many other factors besides the district staff provide the prospects with information. These other factors include state development departments, local banks, Chambers of Commerce, and utilities. All of these industrial development-oriented organizations, like the district, have some interest in obtaining credit for particular industrial location decisions.

About the only way to be relatively precise about the impact of a district on any particular industrial location decision would be to conduct a separate study of each location decision. Such a study would require candor on the part of the locating firm (which may not always be willing to allocate credit for its decision because of fear of alienating some local group that was taking credit but did not deserve it) and interviews with the other groups that might claim credit for the location decision of the firm. Battelle obviously was not in a position to make these separate studies in the districts visited, and did not do so.

Thus, we are not in a position (nor is anyone else) to report on the total of industrial prospecting successes in the Economic Development Districts. Nonetheless, our interviews with various officials both on the district staff and in a position to observe the staff suggest that there are some significant industrial development accomplishments.

* In the case of the districts that provide information to Chambers of Commerce, however, even this evidence of lack of knowledge may not indicate that the district hasn't had an influence on a particular prospect's decision to locate in the district.

One of the few tools provided to the districts to directly facilitate the location of new businesses or encourage the expansion of existing business in the community--the business loan program--is considered ineffective by many district directors. The business loan program is not popular in the districts because of the amount of paper work required and because of the long interval between application, acceptance, and funding. In the interim periods the applying firms often find other sources of finance or cancel their plans. Another criticism is summarized in the remark of one district director when asked his impression of the business loan program: "You have to practically be a blue chip to quality".

TECHNICAL ASSISTANCE TO LOCAL GOVERNMENT

The staff of the development districts represent a major potential source of expertise to the many units of local governments in the areas they serve. With the exception of some of the growth centers, the districts tend to serve counties that differ from national norms in several characteristics, including a less well-educated population and a significant shortage of expertise in the management of government affairs. Many of the smaller cities and towns serviced by the development districts do not really have a professional staff--they are managed on a part-time basis or have a full-time clerk who is usually not well trained for broader functions such as planning parks or working for industrial development.

In such circumstances the local leaders may look to professionals for assistance in everything from deciding how to manage solid waste disposal to what to do about county zoning. In many cases the local leaders first encounter these professionals in the context of seeking federal grants, but later come to rely upon them for other functions even where grants could not conceivably be involved.*

The Economic Development Districts are not the only possible sources of this type of assistance. Where HUD nonmetropolitan planning functions have been established outside of the district framework, that staff reflects a possible alternative source of expertise, although the HUD-funded planners are more severely restricted in their permissible range of activities than the staff of the Economic Development Districts. In some states, state offices of urban or community affairs have been established specifically to provide such types of assistance to the smaller communities in the state. Local officials can also draw upon semivoluntary sources of leadership such as local universities and simply persons in the community who may have more sophistication about local government issues than the nominal leaders of the smaller local communities.

* For example, one district staff has done some technical assistance in setting water rates and would like to do even more.

Two major forces have propelled some of the districts into these technical assistance type activities. The first of the forces is perception of a "need" for such activities by the district staff. Such perceptions and related decisions that the work is appropriate for the district staff have developed in some districts but not in others. The second force is pressure actually felt by district directors to establish their value to the local governments that put up the local share of the costs of maintaining the district office.

The Battelle team members did not expect to find districts performing this technical assistance function. In retrospect, it is clear that no satisfactory quantifiable measure of this output can be readily devised--a problem which also faces EDA in gauging the effectiveness of its own technical assistance grants. It would be possible to measure intermediate outputs in the form of staff hours spent in this function. However, such a measure could not distinguish between hours that were devoted to the function with no effect (worthless hours) from effective technical assistance.

The theoretically valid measure of technical assistance outputs would be to compare the benefits (net of cost) of the decisions of local government with technical assistance to the benefits and costs of whatever those decisions would have been in the absence of the technical assistance provided by the district staff. To apply such a measure would necessitate a great deal of guess work in calculating what would have been without the technical assistance and would incorrectly presume that the benefits and costs of local government decisions can be measured with any degree of accuracy.

KEEPING FENCES MENDED

The political model of how a district is likely to operate that was presented in Chapter 2 is confirmed by the activities of the district directors and staff in most of the districts studies. These individuals accord a high priority to the "credibility" of the district, and thus its continued existence as an institution. For that reason, they feel it necessary to seek to please their Boards, and to the extent different decision makers are involved, those who provide the local cost sharing funds for the district.

The grantsmanship, technical assistance, industrial prospecting and--to a limited degree--economic planning functions may all help the district staff to keep fences mended, but a variety of other mechanisms also are available. Thus, the leadership of a professional staff turns to a variety of other mechanisms to keep fences mended. Many of these are quite time consuming, but appear to the district leadership (and to Battelle) to be necessary activities for the district personnel.

Districts therefore expend considerable effort in such activities as keeping up with community affairs by reading local newspapers, preparing themselves to add the personal touches that are the lubrication of business and political relations (e.g., recognition of accomplishments of children of Board members), attending local meetings including, in many cases, regular attendance at county commissioners' meetings and local council meetings, and a constant round of semibusiness functions such as service club luncheons, ground-breaking ceremonies, etc.

The outputs of these activities are not of direct value in achieving economic development goals. However, there are considerable indirect values--assuming the value of the district's staff--as these activities put the staff in a position of being known and trusted by the local political and economic leadership.

MAINTENANCE FUNCTIONS

The professional staff members of the economic development districts find that they must spend substantial amounts of time in what might be called maintenance functions--functions that for one reason or another appear necessary, but which do not directly produce any outputs of value to the district. These functions include:

- (1) Managing an office and hiring staff members
- (2) Handling citizen phone calls on many subjects not directly related to the district
- (3) Accounting and auditing functions
- (4) Conducting public relations through such vehicles as newsletters and press releases
- (5) Preparing reports of activities for EDA and for the benefit of the local leadership
- (6) Training activities and reading associated with the job
- (7) Spending time on such subjects as the present evaluation.*

* In this connection, it is worth noting that the time spent by district staff members in this activity is considerably less than Battelle staff members expected to find. Many of the district staff members commented that the Battelle visits (averaging about three or four days actually spent in the district) were the most intensive look that anyone representing Washington (whether contractor or EDA employees) had ever spent looking at their districts.

CONCLUSION

A considerable proportion of the time in some economic development districts is devoted to the industrial prospecting function. Although direct and readily verifiable measures of accomplishment of this function are limited, Battelle has encountered a number of cases where the district staff is associated with industrial prospecting successes. Also, even where success stories are not available, the competence of the district staff and the effort devoted to prospecting would suggest that failures to attract industry can more likely be placed at the door of the natural economic disadvantages of some districts rather than in any shortfall in the prospecting effort.

All districts engage in the typical maintenance functions associated with any office and also spend considerable time in the fence mending and technical assistance functions, although approaches to both these activities vary from district to district. No direct measures of the output from these activities, short of considering the successful retention of local cost sharing in the next year, are available.

CHAPTER 8. OLD ISSUES AND NEW POLICIES FOR THE DISTRICT PROGRAM

The preceding chapters of this report have established a political model of how the Economic Development Districts might operate, and have considered various district functions in the light of that model and evaluation criteria described in those chapters. The focus of those chapters has been to seek to determine what the districts do and what the benefits of their doing it might be. Successful answers to the questions addressed in the preceding chapters would not, per se, provide the Economic Development Administration with answers to a number of specific policy questions which it faces. Those questions include:

- (1) Should EDA continue to utilize the Economic Development District as its primary economic development unit?
- (2) Are the existing ground rules for the establishment of districts appropriate?
- (3) Should the planning grant program be continued and, if so, what elements of that program should be changed?
- (4) What should EDA do to ensure better performance by the districts?
- (5) What EDA policies stand in the way of the success of the district program and how might they be improved?

Although these are all important questions, and questions upon which this chapter will seek to render some opinions that may prove useful to EDA, the limitations of the chapter must be understood at the outset. The research upon which this report is based was done within a framework established by EDA rather than by Battelle and differed substantially from the research effort that would have been conducted if finding answers to these questions were the primary purpose of the present study. The study design stressed intensive field work in a number of Economic Development Districts, to the point that on the order of three-fourths of all of the staff time during the project was actually spent in the field observing the functioning of districts. This fact, and the 3-month duration of the study, meant that very little time was spent discussing program improvements with EDA Washington personnel or personnel of the other federal agencies that operate programs which, in a sense, are competitive with EDA's district program.

The stress upon matters separate from improving EDA's own policy and programs was reflected in EDA's request for proposal which indicated that "the identification of ways by which present and subsequent programs can be

made more effective" was considered a "byproduct" of the research. As a result, the study design had more emphasis on field work than would have occurred if the study had been "optimized" to lead to policy recommendations. Therefore, the findings and recommendations below should be considered somewhat tentative and should be given weight proportional to the amount of research leading to them.

THE VALUE OF THE DISTRICT APPROACH

EDA is in the midst of constant debate over whether the approach reflected in the Public Works and Economic Development Act of 1965 of providing considerable assistance to areas without major economic problems (the growth centers) is a desirable way of helping the redevelopment areas that have economic development problems. The obvious alternative is to confine assistance to those areas suffering the problems rather than counting upon the spill-over effects of growth center development. Early in the research it was agreed that Battelle's job would not extend to a finding on this basic issue. Thus, our evaluation of the planning grants starts with the notion of the legitimacy of the present EDA approach to economic development.

THE VALUE OF THE PLANNING GRANTS

In beginning the consideration of the value of the planning grants, it is important to recognize that the district program could operate without the planning grants. The planning grants simply enable a district to hire a professional staff. Without the planning grants, it would still be possible to provide projects to growth centers and redevelopment counties and give them the bonus provisions for belonging to a district. The economic impact of the projects would be the same, assuming the same projects were chosen.

Thus, the evaluation of planning grants boils down in substance to the question of what happened because of the professional staff in the districts that would not have happened if they had never been hired.

Overall Impact of the Staff

The earlier portions of this report suggest that the reality of district operation does not conform closely to what many individuals in Washington believe in being bought with the planning grants. This conclusion does not, however, suggest that the actual activities (guided largely by a need to service local leaders) are any worse than the expected activities.

We find that EDA's planning grant funds typically defray the costs of a small but competent staff to work for economic development and community improvement primarily in areas that suffer from a lack of competent leadership. In many areas of the planning grants introduce the first steps toward planning of any type, and while this planning is by no means perfect it is normally a giant step in the right direction for the communities involved. The planning grants also provide a new kind of civic leader, the Executive Director of a development district, who, by comparison with the other political leaders tends to have more professional competence.

The planning grants are most often used in the districts in an attempt to surmount the "them that has gets" problem of many federal grant programs. Because of the many federal programs in existence and their complexity there is a certain tendency for the communities that are large and have a high level of education to do better at tapping federal aid programs than some of the more "backward" communities in the United States. The planning grants provide the staff to the less developed communities which allows them to compete more successfully for federal grant funds.

Finally, the planning grants do buy some measure of economic development (jobs and income) in the districts and areas. In some cases, the staff alone has managed to get industries located in the communities without the use of any EDA projects. In other cases, EDA projects have been constructed, but industrial development has not yet occurred and there is no strong indication that it will. In the majority of cases the combination of a reasonable level of social infrastructure (often provided with federal grants which the district helped to secure) and reasonably aggressive industrial development activities by local leaders (usually including the support of the district staff), suggest that the planning grants are having a favorable impact upon economic development.

While the discussion above indicates the direction of influence of the planning grants, it does not reflect a measure of the amount of influence which the planning grants have had upon economic development. Thus, to give the reader a full picture of the Battelle evaluation, comparisons become necessary. In our opinion, if the federal government had only \$5 million for economic development activities, it would be wise to spend that amount in such functions as encouraging the location of federal procurement and federal installations in depressed areas. Our second priority, for example if another \$5 million were available, would go to the planning grants.

Area-wide Program Coordination

The planning programs promote district-wide coordination and information exchange. First, the Economic Development District tends to become an information center and clearinghouse. Second, via the Board of Directors

meetings and Executive Committee meetings, various jurisdictions in the district find out what other jurisdictions are doing and how they are solving their problems. In a great many districts, especially the larger area ones, this informal exchange of information at meetings was cited by local politicians as an important benefit of the planning grants program. In most districts, the planning grants program Board of Directors, and in some cases other committees, provided the only formal mechanism for getting a representative of each part of the area in one place at one time.

The most important coordination effects in the physical growth area were such public works projects as vocational schools, junior colleges, regional airports, and regional industrial parks, which service large areas and not just the community in which they are located. Even if the planning grants program did not directly result in the location of these projects in the district (some were established by the states) it did tend to reduce the community competition for these projects within districts. The district provides a mechanism by which the bargaining process, which is the essence of political decision making, could operate outside formal governmental channels. For example, support for a water and sewer project for community "A" by community "B" could be achieved by an agreement for community "A" to support "B's" bid for a vocational school. This phenomenon was most apparent in decisions reflecting the location of the district offices and the selection of the growth center.

Such coordination tends to lift planning horizons to wider areas in the long run, and in the short run reduces the wasted effort involved in two communities competing for the same project or facility.

Because a successful executive director tends to be highly sensitive to local interests, the previously noted concentration of effective power in the hands of these individuals is normally not a serious problem. The executive directors usually are giving continuous thought to actions that need to be taken to help individual communities. However, the responsiveness of executive directors to individual community leadership tends to mean that the districts are nonresponsive to needs under the same circumstances that local political institutions are nonresponsive to the same needs. In cases where the local political system is nonresponsive to minorities, for example, some of this nonresponsiveness can normally be found in the district program. However, the root of this problem lies outside of the district program per se so long as that program is to be designed to work with existing political leadership.

The planning grants have a number of other advantages including:

- (1) Inherently low administrative costs, requiring only a simple application form and little review
- (2) A built-in safeguard against overspending of federal funds (because local governments must put up a local sharing percentage)

- (3) Capability of buying increments of economic development at low federal cost (because of the industrial prospecting activities of the staff and the ability of the staff to tap local resources)
- (4) The EDA program has a low federal profile in the districts, being regarded more favorably because it tends to be viewed as a local program.

Quantifying the Evaluation

Battelle is unwilling, on the basis of the evidence now available (or that may ever be made available), to find that the planning grants program with its \$5 million dollars in federal expenditures per year is producing X dollars worth of benefits or Y number of new jobs.* The planning grant provides one input to the process of economic development. That input operates primarily by inducing other inputs such as business capital investment, local expenditures to enhance development, state programs, and federal programs. To ascribe the effects of all of these inputs to the planning grants would be implicitly to assume, for example, that the planning grants rather than the projects or business investments were the real factor in determining economic development. A parallel would be an attempt to ascribe all of the output of a petroleum refinery to the catalysts used in the cracking process.

Further, the district staffs are by no means the only institution in the business of economic and community development. These staffs provide many services that overlap in greater or lesser degrees with the activities of state development departments, with technical assistance provided to local communities by the EDA economic development specialists, with planning provided by individual communities and HUD-financed regional planning bodies, and with local leadership operating through established governmental units and informal bodies such as Chambers of Commerce, development corporations and similar organizations. Sorting out the relative influence of the district staff is about as simple as deciding the impact that one teacher (one of say twenty to whom a student may be exposed) has had on the education of a single child.

For these reasons, no replicatable and scientifically respectable methodology is likely to be developed that could, at a cost not in excess of the planning grants themselves, ever produce adequate quantified output measures for the planning grants. This result should not be surprising as no such measures exist for parallel programs such as the comprehensive health planning program of HEW, the model cities and 701 planning programs of HUD, or city planning programs. A program analyst's adage is that it is better to be roughly

* A previous evaluation of the planning grants program by Robert Nathan Associates concluded that the planning grants returned at least 10 dollars in benefits for every dollar expended. The Nathan report does not suggest how this return was calculated, nor could the Battelle staff find any reasonable way to calculate it.

right than exactly wrong. This adage is relevant to the measurement of outputs of the planning grants.

A Strategy for Continuing Evaluation

There are a variety of reasons why EDA may desire some system for the continuous evaluation and performance monitoring of the districts. First, EDA may wish to maintain a position of selectively refusing to provide further funds to districts where the performance is limited or nonexistent. Second, EDA will feel considerable pressure to provide some quantified measures of activity, even if quantified measures of output are not available.* Third, by developing a standard performance monitoring system, EDA may be able to help local leaders review the activities of district staff members.

To make such continuing evaluation possible with existing EDA staff (without the need to rely upon contractors), Battelle has constructed a sample framework for an annual (or quarterly) progress reporting system for the districts and areas (see Appendix A). Such a system could be left optional with the districts or could be used by EDA as required progress reporting. This system would be relatively simple to administer, and should prove valuable to the staff of the districts as well as to EDA.

Whether such a system is adopted or not, the most important source of evaluation for the district staffs will continue to be the many local governments that annually decide whether to continue to support the district. This element of local control is the best guarantee of the accomplishments of the district, judged by local standards.

ADMINISTERING THE PLANNING GRANTS

This section treats a number of issues related to the continuing administration of the planning grants program and associated questions of EDA relations with the districts.

Availability of Funds

Because of the high catalytic value of the district professional staff, we believe that EDA should arrange its budget in such a fashion that no district eligible for a planning grant and willing to fund its local share

* These will not readily be obtainable after the fact, making some kind of continuous monitoring or data collection system necessary.

should find such grants unavailable for federal budgetary reasons. In other words, even if the price of having planning grants available is somewhat less project activity than would otherwise take place, the planning grants should be made available.

The reverse side of the same question concerns the circumstances under which EDA might appropriately refuse to renew a planning grant. Refusal to renew a planning grant is basically the primary tool available to EDA to ensure that districts use federal funds to accomplish the basic purposes of the government in providing those funds. Unfortunately, such a tool is almost impossible to use to encourage improvement in the districts because it is too powerful. Where a district is performing useful functions, but not performing as well as EDA might consider itself as having a right to insist upon, EDA faces the difficult choice of denying the grant--thereby terminating the accomplishments being made--or continuing the grant and thereby tolerating less than adequate performance.

We are not concerned by the fact that EDA has little practical power over the affairs of the districts. However, should EDA wish, for some reason, to increase its power over the district program, the obvious method to use is to make the planning grant a variable amount dependent upon the performance of the district. The budget review and local sharing requirements could be continued as they are, but EDA could make up to 10 percent reductions in planning grants upon an explicit finding of deficiencies in the district program. If the deficiencies were made up during the year of the planning grant, the additional 10 percent could be made available; if not the district would have to operate on 90 percent of the federal funds in the original budget. This 10 percent would, indirectly, put considerable pressure on the district staff because of the intimate relationship between the federal funds available and the funds available for the salaries of the district staff.

Local Sharing

EDA has long permitted contributions in-kind to the Economic Development Districts, and in some cases has allowed the local share to be made up of private rather than governmental contributions (e.g., Western Indiana). This approach has been considered appropriate in the formative period of the districts, largely because it has been a necessary expedient for getting the districts started in some cases. Unfortunately, contributions in-kind are difficult to value in the first instance and difficult to audit in any reasonable way. More important, the use of contributions in-kind allows the district to avoid the review inherent in having to seek annual appropriations from city councils and county commissions. In general, we believe that acceptance of contribution in-kind should be avoided even in the early years of district organization where this is at all possible. Contribution in-kind should not be acceptable after a reasonable period (say three years) for the district to become established and prove its worth. In no case should contributions in-kind and private contributions be permitted to defray more than 50% of

the local cost sharing requirements. Although it may be argued that prohibiting contributions in-kind may simply lead to an exchange of checks between the district and a county providing the offices, the substance of this suggestion is that it requires an explicit budget authorization on the part of various member jurisdictions. This may cause them to scrutinize the district budget more carefully and perhaps more carefully evaluate the quarters in which the district staff will be housed. In addition, it may call attention to the fact that one county, which provides the in-kind office space, is subsidizing, the district.

There is a continuing debate within EDA over the extent to which the local sharing percentages should be increased over the life of the district program. We believe that many of the 26 districts studied could continue to raise a local share even if the local sharing requirements were doubled over the next several years. On the other hand some of the districts are having considerable difficulty obtaining local support, and many districts have "non-member" counties. This problem would undoubtedly increase if the local share requirements were increased. We doubt that the communities that participate in the district program would ever support the districts if they were required to pay all current costs out of local funds.*

A strong argument can be made that the activities of district staff members constitute something that the federal government should logically continue to support with a relatively generous cost sharing arrangement. To a significant degree the district staff performs functions that might otherwise be performed on a 100 percent funding basis by the federal government (e.g., disseminating information about federal programs, providing assistance in preparing applications, obtaining and disseminating information on the state of economic development in areas assisted by EDA). In addition, failure to provide assistance in grantsmanship would aggravate the "them that has gets" problem.

These considerations would suggest that EDA should not pursue a rigid sliding scale policy of decreasing federal shares on an automatic basis as a district matures.

Citizen Participation

One clear finding of this study is that the Economic Development Districts are highly responsive to the local political leadership composed of the mayors of larger municipalities and county officials in the district. This situation is inherent in a district organization that (1) depends for its very existence upon local financial contributions and (2) requires local

* There are exceptions to this, especially in those cases where the state governments support a part of the costs of districts.

actions, such as filling out applications, to achieve its successes. This reality of the district program cannot be changed by a proliferation of boards or committees. In fact, the attempt to change the power base of districts through broad citizen participation has usually resulted in paper compliance except in those few areas where the district staff finds the committee structure useful.

Thus the district will be as responsive to citizen needs and opinions as the elected officials of local government are responsive to those needs and opinions. If the orientation of these local officials changes, the orientation of the district staff will change. If the orientation of these local officials does not change, the district staff can deviate in major ways from this orientation only by jeopardizing the local cost sharing that is essential for the survival of the district.

These same comments apply even more strongly to the role of the Negro minority (sometimes majority) in many of the southern Economic Development Districts. When minorities are represented on the boards and committees of the district, the minority members find that they have little real influence over the affairs of the district. This lack of minority influence stems from three basic factors. First, members of the committees and boards do not have a great deal of real influence on the affairs of the district. The minority group members share this characteristic with other board members. Second, the method of appointment of the minority members in most districts (e.g., directly or indirectly through the established political leadership) tends to produce minority members who have reached an accommodation with the existing political structure. In many cases, these minority members own their employment to that political structure as they are state employees, federal employees (directly or indirectly), or school district employees. Third, the more aggressive minority leadership in many districts is not clamoring for more power in the district organizations. The available Negro leadership in the South, for example, is limited and has a number of objectives such as voting power and integration of schools and employment that take priority over attempts to control the district's policies. The assumption that, for example, Negro minorities in the South are struggling for more power in the district but denied access to power by the district is to seek more Negro representation on such organizations and committees than is actually available.

The minority representation question is more one of form than of substance if there is in the inherent position of the district little or no way to discriminate effectively against minorities. As a practical matter this tends to be the case in the districts studied. Assuming that employment opportunities stimulated by EDA projects follow open employment policies (an objective to be sought in the project approval process), a district's achievements in getting economic growth will accrue to the benefit of minorities as well as to the majority populations, regardless of whether minorities are effectively represented in the district's governing bodies.

If it were possible for the district staff to pursue projects in such a way that projects benefiting majority populations were favored over projects benefiting minority populations, such an approach would presume that the district exercises selectivity among projects. Our findings suggest that all districts (for readily understandable political reasons) seek to maximize the number of fundable project applications submitted and successfully resist any attempt to force them to set priorities. This situation means that the circumstances for discrimination against what might be conceived as minority-oriented projects are more limited than generally assumed. It is, of course, possible that the district staffs do not look as carefully for projects in minority areas as for projects in other areas.

One way to deal with this potential problem, and with the related problem of job discrimination in an EDA-funded activity, is to provide guidelines designed to ensure the greater representation of the minority groups in the positions where the power really lies--namely the district staff. This approach is likely to be more realistically effective than attempts to force greater representation of minorities on governing boards and committees of the districts.

The Size of Planning Grants

Current policy in dispensing planning grants does not seem to allow much autonomy to the local communities in deciding how large a staff should be supported. The policy presumes a minimal size of a district staff, and effectively establishes a minimum size of the planning grant. The policy, therefore, does not readily take into account major differences in the availability of other local and federal programs in the district, nor different preferences of the district relative to activities of the staff. It is reasonable to expect, for example, that a district that is actively involved in industrial prospecting will tend to require more funds than one that performs the same functions except that it leaves industrial prospecting to others.

Our conclusion that planning grants are amply justified by their results does not mean that the incremental dollar of each planning grant is justified or that additional dollars of federal funds in certain districts are not justified. To increase the odds that such increments of investment are made when they would prove efficient and denied when they would not, we propose that EDA rely more heavily upon local decisions on the size of the planning grant (presuming a scaled cost sharing percentage). For example, if a district wanted to eliminate one staff position, thereby reducing the size of both the planning grant and the local share, we believe that they should be allowed to do so. Likewise, within limits (say no more than a 15 percent increase over the prior planning grant) the district should be allowed to expand its budget with the federal government sharing in the increase.

Implementation of this policy might well not cause an increase in the costs of the planning grant program as decreases are, we suspect, likely to offset increases.

EDA Involvement in the Planning Process

We find that EDA has imposed too many requirements upon the districts and areas in the formulation of the OEDP. EDA's precise specification of the formats for the OEDP and a line-by-line (indeed, knit-pick type) review of the OEDP's has resulted in uniform and relatively high quality paper work at the expense of the substance of local planning.

EDA should recognize that the preparation of the OEDP's will continue to be, in large part, an academic exercise so long as the contents of the plan will not have an impact upon real decisions such as projects to be funded. Attempts to give planning greater influence by requiring that projects be consistent with the plan have simply resulted in strategies for making the plans broad enough to cover any project or of drafting the plans to fit the projects rather than making the projects consistent with the plans.

The only effective way to surmount this problem (and that of lack of extensive participation by local officials in the affairs of the district) would be to make the planning meaningful in the sense of determining some results about which the local officials are concerned. So long as districts can pursue all fundable applications without attempting to set priorities, the planning decisions are irrelevant to the actual decision rules of the district. This problem could be avoided by one major change in EDA programming--namely, the allocation of fixed resource ceilings to districts, with the decision on how those resources are to be used to be left to the district, subject to constraints on the types of projects that would be supported.*

A suggestion made by Mr. Earl Price, Executive Director of the Central Oklahoma Economic Development District, and Mr. L.V. Watkins, Executive Director of the Eastern Oklahoma Economic Development District, was that resource ceilings be imposed on the technical-assistance grants. That is, at the beginning of each fiscal year a specified amount of money available for technical assistance be set aside for each district. Once this dollar total was reached, no more technical assistance funds would be available for the district until the next fiscal year. This would force the districts to initiate an effective priority setting process at a nonproject level that would not be as disruptive politically within the districts as a total resource ceiling.

In the absence of a willingness to decentralize decision making related to resource allocation, we believe EDA should reduce the amount of planning documentation required of the districts. This could be accomplished by the following steps:

* This suggestion parallels some of the comments made by Charles L. Schultze in The Politics and Economics of Public Spending (Brookings, 1968), Chapter 7. For the reasons mentioned by Schultze, the suggestion does not appear politically feasible.

- (1) Eliminate the flow of data from an agency in Washington, D.C., to the district and back to EDA by providing Washington-generated economic and social data directly from EDA to the districts. Steps toward this more efficient approach are now being taken by EDA in the quick query system. The formats for the OEDP's should not require the districts to send these data back to EDA in the form of mandatory tables, although districts for their own purposes may (or may not) choose to include it in their OEDP's.
- (2) Make the guidance for the OEDP's short and relatively general, leaving questions of emphasis to the districts.
- (3) Eliminate the positive action programs on the grounds that they reflect pure paperwork. To achieve the positive action program objectives, make project approvals contingent upon actions to be taken by the growth center to confer the benefits of the projects on the poor and unemployed.

THE FUTURE OF THE DEVELOPMENT DISTRICTS

The development-district staffs are in the uncomfortable position of being asked to work for their own destruction. Districts become designated by managing to combine some combination of low incomes and high unemployment; yet the function of the district is to reduce unemployment and increase incomes. If the district staff succeeds in these activities the counties in the district become "dedesignated" and the district disappears along with its staff. This fact, and the fact that districts cannot be established in all areas of the United States, means that the district program cannot suffice as the mechanism by which the local communities are knit together for the purposes of conducting area-wide planning and action functions.

Districts can, and do frequently, play this role where they exist, but can never be counted upon as a permanent feature even in those areas where they operate because of the ever present possibilities of dedesignation and uncertainty about the future of EDA programs. The combination of district organization for state programs, for regional commission activities, for A-95 review functions, for health planning, for HUD nonmetropolitan planning, and other quasi-federal purposes unquestionably leads to significant economies and improved policy by comparison to what would occur if these programs were fragmented over a variety of different units with different boundaries and different boards and staff members. This suggests that districts should be encouraged to combine functions in so far as this can be accomplished within the guidelines of the other agencies. This is especially desirable if the real goal

is revitalization of communities and not just a narrow concentration on creating jobs to the exclusion of all other community programs.

Ultimately, however, a national solution will be necessary that will ensure what neither the districts nor EDA alone can ensure, namely the coordination of federal programs at the local level. One suggestion for this is that the overhead costs of maintaining districts be assumed by some type of umbrella agency, and that program agencies such as EDA then be permitted to "buy into" the existing districts. Until solutions along these lines can be worked out at the federal level, EDA has little alternative to continuing its district program and seeking as much local, state, and federal cooperation as possible in dealing with the problems of overlapping and competing district organizations.

APPENDIX A

PERIODIC PROGRESS REPORTING FOR DISTRICTS

The form below has been constructed for general use in the reporting and evaluation of activities funded through EDA planning grants. To preserve the style of producing a form, Battelle's comments on various items are found in the footnotes.

QUARTERLY (OR ANNUAL) ACTIVITIES REPORT District

1. STAFF AND BUDGET

- A. Report any staff changes during the quarter. For any new staff members provide biographical details and for any terminations indicate reason for termination.
- B. Report any district income during the quarter from any source where income exceeded \$100. Show the source of the income, the purpose for which it was provided, and the major conditions attached to its use.*
- C. Report any payment to consultants during the quarter indicating amount of payment, payment rate (e.g., \$60 per day) where applicable, and work produced.

2. COMMUNITIES AND LOCAL PARTICIPATION

- A. For the economic development functions of the district (excluding functions financed through non-EDA programs) report below on all meetings during the quarter of formally constituted committees and boards including the district Board, the Executive Committee of the Board, the functional committees, and the county OEDP committees.

* Battelle comment. A number of districts receive funds from other federal programs and/or from state sources as well as their local contributions which may exceed the amount required to match EDA funds. The outputs of the district staff cannot be compared to the costs of producing those outputs unless all the sources of funds are known. Further, this item will indicate the degree to which the district is succeeding in becoming a center for programs other than those of EDA.

<u>Committee</u>	<u>Number of Members</u>		<u>Meeting Date</u>	<u>Purpose</u>	<u>Accomplishment (no more than two sentences)</u>
	<u>On Comm.</u>	<u>At Meetings</u>			

- B. List the counties that are considered to be within the desired boundaries of the district which are not currently participating in the district (if any) and indicate any action taken during the quarter to encourage their participation in the district.

3. ECONOMIC PLANNING

- A. Indicate any major milestones of accomplishment during the quarter of economic planning activities such as the completion of new planning documents, submission of positive action programs, or comparable activities.

4. INDUSTRIAL DEVELOPMENT

- A. If any significant new industrial location decisions or major expansions, or major locations or expansions of government facilities were announced during the quarter please indicate below:

<u>Firm or Agency</u>	<u>Location</u>	<u>New Jobs</u>	<u>What Role, if Any, Did District Staff and EDA Play</u>
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- B. If any direct contacts were made by the district staff with industry for the purpose of encouraging location in the district, indicate the approximate number of such contacts by type of contact: letter, phone call, personal visit, etc.
- C. If the district staff prepared data for others (e.g., Chamber of Commerce) to use with a specific identified industrial prospect, indicate the approximate number of times this was done.
- D. List any other significant industrial development activities (excluding work on EDA project applications).

5. DEVELOPMENT OF PROJECTS

- A. Projects Approved: Complete the listing below in two parts, part one showing the projects approved where the district played a major role in formulating the application and part two showing other projects in which the district was involved to some degree.

<u>Funding Source</u>	<u>Nature of Project</u>	<u>Project Cost</u>	<u>Local Share</u>	<u>Applicant</u>	<u>District Role</u>
(Example)					
HUD	Recreation Center	\$100,000	\$50,000	City of Jones-boro	Helped obtain land and plan project, wrote application

- B. Applications Filed: Using the format above list the applications filed during the quarter.
- C. Preapplication Work: Using the format above list any projects in the preapplication stage where the district staff has devoted more than 40 hours to the project.

6. OTHER MAJOR ACTIVITIES

List any activities consuming over 40 hours of staff time (considering only staff funded by the EDA planning grant) during the quarter. Examples of activities that might be included are hiring a new staff member, staff training activities, preparing a presentation to the state highway department, providing technical assistance to a local government, and the like.

7. MAJOR ACCOMPLISHMENTS

Briefly describe (no more than a paragraph and preferably less) what you consider to be the three most significant achievements of the district during the quarter indicating, where possible, some measure of output or result such as a number of jobs, number of persons served by a particular project or action, etc.

8. MAJOR ACCOMPLISHMENTS FOR NEXT QUARTER

Briefly describe the accomplishments that you hope to be able to report three months from now.

APPENDIX B

SOME HOPEFULLY HELPFUL HINTS TO THE DISTRICTS

The purpose of this appendix is to help the individual development districts by advising them of some activities that other districts have undertaken that have led to successes. "Success" in this context is presumed to be represented by (1) "creditability" with local officials and ability to obtain local cost sharing funds for additional planning grants, (2) appraisal by EDA as a successful district and a favorable attitude toward projects emanating from the districts, and (3) improvement in the economic conditions in the district in both the sense of jobs and income and in the sense of improved standards of real living (including amenities) for those already there.

This listing simply suggests what district leaders might wish to do in their own interest--it does not imply endorsement by Battelle of all of these activities.

- (1) ABOVE ALL, GET CREDITABILITY. The best rationale for a district is that its existence can make the growth center eligible for EDA assistance and that EDA will make its grants to redevelopment counties larger than if the district did not exist. As your district begins operation, these benefits are remote and doubtful to local political leaders. Start fast and work hard to get one EDA project in your growth center and at least one in a redevelopment county. Tell EDA in your pitch for these projects that they should be funded quickly, as your success depends upon them.
- (2) MAXIMIZE THE AREAS YOU CAN REACH WITH GRANTS. One of your greatest problems will be appealing to those areas that are neither growth centers or redevelopment areas, because you cannot channel EDA assistance to them. Efforts being made by many districts to permit EDA to assist all counties in a designated district are likely to be futile because of the apparent shotgun pattern of the resulting assistance--EDA is already being accused of doing too little in too many places.

However, many districts have had considerable success in persuading (frequently with powerful political help) EDA to expand the area of growth centers in order to accommodate particular projects. Any extensions you can get EDA to make will increase the appeal of your district to the member local governments.

- (3) FIND SOMETHING TO DO FOR THE AREAS YOU CANNOT REACH BY GRANTS. The successful districts have generally quickly found a way to help the areas not eligible for EDA grants. Some of the more successful approaches are listed below.

- (a) Get credit for some federal activity such as law enforcement assistance that does reach these communities;
 - (b) Develop some non-EDA project applications for these areas and get them funded;
 - (c) Provide technical assistance to these communities in whatever field they desire;
 - (d) Show an interest in these communities, visit them often, and attend their city council and county official's meetings when you can;
 - (e) Hire a staff member from one of these areas; and,
 - (f) Develop information to show that the work you are doing in the other areas--particularly the EDA grants--does in fact benefit the other counties. Disseminate this material widely.
- (4) NEVER PROMISE WHAT YOU CAN'T DELIVER. The easiest way to fail quickly is to get a local government excited about some federal program and then have to advise them that they can't get the federal money. At least one executive director has had to find other employment for doing this. Know your federal programs--what the ground rules are and whether the money is available. Check out a project with the relevant federal agency at the point when you conceive it, never get started on an application until you have done this. Don't start raising local shares and taking other actions that involve many citizens until you have informal assurance from the funding agency that you have a fundable project and that they are likely to have money for it.
- (5) DON'T CLAIM CREDIT. Regardless of how important you are, give credit to local political officials for the grants and projects you obtain. This enhances their position and consequently your position, and costs you nothing because if they support you, you should have little trouble in maintaining support from EDA. You must allocate credit impartially to incumbent officials regardless of whether you like them or their politics.
- (6) MAKE SURE SOMEBODY DOES INDUSTRIAL PROSPECTING. Because of the tremendous investments made by business (on the order of \$100 billion a year) in comparison to federal programs, there is tremendous leverage in getting industrial development through business investment. Some districts do not do industrial prospecting because they consider established groups such as Chamber of Commerce to be doing a good job; a few districts emphasize industrial prospecting to the exclusion of practically everything else. In any case, make sure that the function is being done well; if it isn't, either do it yourself or get some other group to do it.

- (7) BE WARY OF BUSINESS LOANS. The business loan approval process takes so long that a number of district directors refuse to handle business loan applications on the grounds, inter alia, that the applicant will go broke while he sits around waiting for the loan.
- (8) GET OTHER FEDERAL AND STATE FUNCTIONS ADMINISTERED THROUGH THE DISTRICT. This will allow you a larger staff and thus more flexibility in getting your work done. Furthermore, you will have more program tools with which to work and will still have a job yourself in case one of your funding sources disappears.
- (9) DON'T COMPETE WITH OTHERS. Your position may appear to be in competition with state industrial development departments, regional councils of government, Chamber of Commerce local managers, and others. Even if you are competing, try not to appear to do so as you can ill afford having any of these groups "out for your scalp"--they might get it.
- (10) KEEP STATE AND NATIONAL POLITICAL TIES. Although you can't afford to be partisan, you can't afford to be non-political. You will frequently find that you need state cooperation in many of your projects and activities and in many cases (e.g., highway construction) state actions may have a very critical role in the development of your district. Because many of these state decisions are made through a political process, know your state legislators and keep them informed of your progress and problems.

The same observations apply to your Congressional delegation. In this connection, note that some districts have successfully pursued a highly political route in obtaining project approvals, using Congressional pressure on EDA to great advantage. This strategy has some risks, however, as it is resented by the federal agencies that receive the pressure. Other districts make it a point to keep Congressional delegations informed (and to inform the grant dispensing agencies that they are informed), but do not use their Congressional delegations to put pressure on the agencies.

Which strategy is most effective will depend upon circumstances. One point to keep in mind is that you can always switch to a highly political strategy, but you cannot easily switch from a political strategy because of a number of federal officials will have built up a considerable resentment of your tactics.

- (11) GIVE EDA SUCCESS STORIES. Remember that EDA and the other federal agencies have the same problems of continuously need to justify their existence that you have. They will much appreciate being helped out, even though the rules of the game may preclude them from asking you directly for this kind of help. When you have a success story, get it properly documented and packaged and give it to EDA or the funding agency. Send witnesses occasionally to support EDA appropriations or authorizing legislation.

- (12) DON'T DISCRIMINATE. Don't discriminate among towns in providing technical assistance or help in getting projects. If you do, the leadership in that area will be opposed to you, and, more important, other leadership may resent your power.

Regardless of your personal views, don't discriminate against minorities in your district. It is a good idea to hire at least one staff member from the minority--but make sure that he's competent because having a "show Negro" or "show Spanish-American" can get you into more trouble in more ways than not having a minority staff at all. Bring established leaders (regardless of their militance) into your discussions and keep channels of communication to these leaders open. Even if these groups are not powerful in your community today, they may be tomorrow.

PENN STATE UNIVERSITY LIBRARIES



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